

UNITED NATIONS DEVELOPMENT PROGRAMME

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Project Title: Strengthening MSME Business Membership Organizations in Ukraine:
Phase II (2019-2023)

Project Number: Atlas Award ID: 00110134, Project ID: 00109217

Implementing Partner: Ministry of Economic Development, Trade and Agriculture of Ukraine
Start Date: 1 November 2019 **End Date:** 31 October 2023 **PAC Meeting date:** 14 May 2020

Brief Description

The objective of the Project Phase II is to scale-up the support to MSME sector in Ukraine and improve its competitiveness through more professional, demand-driven and client-oriented Business Membership Organizations. The Project is to design and deliver tailored capacity development support to selected BMOs representing different macro-regions and sectors of Ukraine to help strengthen their institutional/organizational/financial capacities to represent interests of the private sector, and facilitate a more active, responsive, professional and policy-oriented dialogue between public and private sectors. The Project aims to expand BMO coverage throughout Ukraine to consolidate the MSME sector, contribute to improvement of Business Development Services for MSMEs, and promote constructive cooperation with governmental structures. The project will also address two important cross-cutting challenges for economic development in Ukraine: women's economic empowerment and promoting green practices among MSMEs.

<p>Contributing Outcome (UNDAF/CPD, RPD or GPD): <i>UNDAF OUTCOME: 1.1.</i> By 2022, all women and men, especially young people, equally benefit from an enabling environment that includes labour market, access to decent jobs and economic opportunities</p> <p>Indicative Output(s) with gender marker²: <i>CPD OUTPUT 2.2.</i> Public institutions and private entities effectively cooperate to improve the business environment. GEN2</p>	Total resources required:	2,625,000.00	
	Total resources allocated:	2,625,000.00	
		UNDP TRAC:	100,000.00
		Donor: Government of Switzerland	2,525,000.00 (incl. UN Levy 1%)
		Government:	
	In-Kind:		
	Unfunded:		

Agreed by (signatures):

Government	UNDP
Print Name:	Print Name:
Date:	Date:

LIST OF ACRONYMS

BAS	Business Advisory Services
BDS	Business Development Services
BMO	Business Membership Organization
BSO	Business Services Organization
CEP	Competitive Economy Program
CPD	Country Programme Document
CUTIS	Canada-Ukraine Trade and Investment Support Project
EBRD	European Bank for Reconstruction and Development
EGP	Enterprise Growth Programme
EU	European Union
FCM	Federation of Canadian Municipalities
GDP	Gross Domestic Product
GIZ	German Agency for International Cooperation
GPO	Group Purchasing Organizations
ILO	International Labour Organization
IMF	International Monetary Fund
LDA	Local Development Agency
MEDTA	Ministry of Economic Development, Trade and Agriculture of Ukraine
NGO	Non-Governmental Organization
NPE	Natural Person-Entrepreneur
QPR	Quarterly Progress Report
PAC	Project Appraisal Committee
PLEDDG	Partnership for Local Economic Development and Democratic Governance Project
POPPs	Programme and Operations Policies and Procedures
PPD	Public-Private Dialogue
SBAA	Standard Basic Assistance Agreement
SCO	Swiss Cooperation Office
SECO	State Secretariat for Economic Affairs
MSMEs	Micro- Small and Medium-sized Enterprises
UCCI	Ukrainian Chamber of Commerce and Industry
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VET	Vocational Education and Training

I. DEVELOPMENT CHALLENGE

Country context

In recent years, the Government of Ukraine has been increasing its efforts to undertake economic reforms and create business enabling environment for enterprises, strengthen the position of micro- small and medium-sized enterprises (MSMEs) in the economy and sustain growth, employment and resilience despite the country's difficult post-2014 environment (the conflict in the east of Ukraine, situation in Crimea and political instability resulting in a sharp decline in economic activity, currency devaluation, high inflation and increased unemployment).

After sharp economic decline in 2014-2015 Ukraine's economy grew modestly year on year basis in 2016-2019. In 2019 the economy expanded 3.2 percent. Ukraine's economy is slowly recovering but remains highly dependent on the speed and the ultimate success of several key reforms aimed at improving its consistently weak economic and volatile business environment. However, the competitiveness of the Ukrainian economy has not significantly improved over the recent years as evidenced by the global competitiveness rankings.

MSMEs have a major role to play both in enhancing Ukraine's economic competitiveness and restoring sustainable growth MSMEs since they largely dominate Ukraine's economy in terms of number of entities, employment and value added. According to the State Statistics Service of Ukraine in 2018 the country had only 446 large enterprises and 1,839,147 MSMEs, which constituted over 99.9 per cent of all operating entrepreneurship.¹ 1,466,803 (80 per cent) of all MSMEs were self-employed individuals (Natural Persons-Entrepreneurs). Of all the MSME 99.10 per cent are small entities, including NPEs, and 0.89 per cent are medium. In 2018, the MSME sector in Ukraine accounted for 81 per cent of all employment and about 64 per cent of value added and must have a voice in shaping the business environment.

Yet MSMEs are those that are mostly affected by incomplete reforms and fluid frameworks. According to the OECD SME Policy Index for Ukraine in 2020 prepared, despite significant improvements that have taken place since 2016, compared to other Eastern Partnership countries Ukraine is lagging behind the vast majority of indicators — innovation policy, institutional framework, operational environment, bankruptcy and second chance, green economy, business development services, internationalization, access to finance, public procurement and SME skills².

In response to the existing challenges and in order to determine the country's framework for MSME support, the Government has earlier adopted the "Strategy for Small and Medium-sized Enterprise Development in Ukraine until 2020" in 2017 and its Action Plan, which followed a year after in 2018.

The Strategy lists the following key challenges to the MSME development:

- Corruption;
- Limited access to resources (financial, property, natural, etc.);
- Lack of effective coordination among stakeholders (central and local executive authorities, local governments, business support organizations, international organizations) to satisfy MSME needs;
- Inconsistent government policies in the sphere of MSME development;
- Insufficient institutional capacity for implementation of government policies related to entrepreneurship development;
- Lack of assessment of MSME needs in business support services, including education and training;
- Lack of policy coordination and funding in the areas of innovation and business support;

¹ These statistics do not include data from Crimea and non-governmental controlled areas of Donetsk and Luhansk oblasts

² OECD et al. (2020), SME Policy Index: Eastern Partner Countries 2020: Assessing the Implementation of the Small Business Act for Europe, SME Policy Index, OECD Publishing, Paris/European Union

- Inadequacy of the existing MSME support infrastructure with regard to the needs of MSMEs and the quantity and quality of services available at the regional level;
- Insufficient internationalization of MSME.

In 2019 the Government of Ukraine has prioritized GDP growth and job creation through establishing equal rules and incentives for business which generates official jobs. Jobs will be created through small and medium enterprises supported with affordable loans and launch of training programmes for new entrepreneurs.

Challenges to be addressed by the Project

To realize the growth potential of MSME sector, Ukraine must further make considerable efforts to improve its business climate and ensure robust implementation of the private sector development agenda.

MSMEs are particularly vulnerable to the lack of coherent and stable regulatory framework which imposes high cost on MSMEs in order to comply with the existing regulations. Majority of MSMEs indicate that business environment is difficult³ and therefore businesses are unable to realize their full economic potential and contribute to the country's economic development under the chronically unstable macroeconomic environment, corruption and bureaucratic obstacles, and frequently changing legislation. MSMEs prioritize the needs to lower taxes and simplify administration of taxes, have better access to additional financial resources and protect their business (ownership).

MSMEs also lack the power to influence government policies, regulations and decisions at all levels, especially if they act individually or sporadically. **Consolidating the MSME sector and ensuring it is properly represented and taken account of in the decision-making process is of utmost importance** for the sector's development. MSME sector in Ukraine remains highly fragmented with low levels of collaboration between the business which reduces potential economic opportunities as well as influence of the MSMEs on government policies and regulations. Only 41 percent of MSMEs surveyed by UNDP feel being part of the 'business community'.

With ongoing public administration reform, **the public-private dialogue still faces serious challenges** because of lack of trust and capacity to run the dialogue professionally both by the government and private sector. 52 per cent of MSMEs surveyed by UNDP say that the authorities did not consult prior to taking the decisions and that indicates a huge gap in perceptions of the representatives of public administration and private sector as to the effectiveness of the dialogue. Though many formal frameworks and institutions (such as councils of entrepreneurs) are in place and authorities at all levels are obliged to comply with legal requirements regarding public consultations and regulatory impact assessment, ensuring access to laws and regulations, **Ukraine ranked average in terms of regulatory governance indicators** which took into account among others the effectiveness of public consultations, transparency of rulemaking, impact assessment etc.⁴ This is also confirmed by perceptions of the entrepreneurs who have no trust in formal institutions such as public councils or council of entrepreneurs etc.

While the indicators show the shortfalls in the legal framework and practices of the government entities, the problems also continue to persist on the private sector's side of equation. Consultations with the Government revealed that low levels of private sector representativeness in the public private dialogue (i.e. small number of entrepreneurs represented by BMOs) as well low responsiveness were key issue and barrier to effective dialogue. When consultations take place, the feedback from the private sector (if provided) is dispersed and often unprofessional, which makes it impossible for the government bodies to properly process and incorporate the inputs, especially when it comes to highly fragmented sector of MSMEs.

Furthermore, in the course of decentralization, the local self-government authorities gain more power to manage resources and regulate. Yet, the quality of regulations at national and subnational levels often does not meet the principles of regulatory policy.

The MSMEs, especially micro and small enterprises, often don't have proper access to the Business Development Services (BDS) or underestimate their importance for growth. Overall,

³ UNDP survey, 2017.

⁴ Global Indicators of regulatory Governance, World Bank, 2018. <http://rulemaking.worldbank.org/>

the majority of the surveyed MSMEs reported issues in accessing the BDS: only one out of four MSMEs indicated that it can always have access to necessary BDS (free or paid). The smaller entity is, the more issues with access to BDS are reported: only 24 per cent of micro-enterprises confirm they can access BDS, whereas among the medium ones this figure amounts to 48 per cent.

Every fifth entrepreneur requires assistance in obtaining licenses and permits, finding business partners, clients and qualified personnel, belong to entrepreneurial community and export his products. MSMEs realize the needs, though they are not able to 'unpack' and formulate them properly.

Notably, insufficient horizontal cooperation between MSMEs further prevent them from leveraging opportunities and synergies which would enable them to withstand the market pressure of large corporate enterprises in the sectors traditionally run by MSMEs.

While this can be explained by overall weak business support infrastructure in Ukraine, the inability of MSMEs to access or fully utilize even those opportunities that are offered by existing BDS providers or government programmes often stems from low entrepreneurial culture, lack of understanding of how the BDS could assist in running and expanding a business coupled with a perception that the costs of BDS are high and benefits are not obvious. On the supply side, the existing providers, including BMOs/BSOs, often offer low quality services and do not meet the real demands of MSMEs.

Low entrepreneurial culture in Ukraine, near absence of association of micro- and small business, and lack of stable and coherent regulatory frameworks, which undermines long-term business planning, also explains why MSMEs are rarely part of the debate on standards of services and goods, adoption of sustainable practices and social responsibility, though addressing these domains could contribute to the value added created by them.

Further, there is a significant mismatch between the skills supply, provided the VET and general education system, and demand by MSME sector, leading to skills shortage and constraining the MSMEs' growth. The private sector is increasingly interested to play a more visible role in determining the requirements to skills and professions.

Cross-cutting challenges

Women's economic empowerment. The contribution of women's entrepreneurship to economic growth is recognized in Ukraine, but gender equality in terms of economic participation is far from being achieved reflecting the imbalance between the share of women in the country and their participation in economic and public life. The statistical analysis of business registration open data⁵ points to an overall gender ratio of 60 per cent men versus 40 per cent women among leaders in business. Women account for 46 per cent among individual entrepreneurs, while the share of women among the managers at legal entities (enterprises and other organizations) is only 30 per cent. The sectors where women managers prevail reflects what is seen as traditional roles for women in households and communities: education and childcare, social assistance, hotels, restaurants, retail sale of food and clothing, beauty business, tourism, arts and recreation.

Although individual entrepreneurship in Ukraine is close to being gender balanced, the business environment in Ukraine is still generally man dominated. A common feature of women's firms is their small size and concentration in less profitable sectors. Women's self-employment is to a large extent perceived as a measure to survive and have basic income rather than to implement own ideas or become independent from employers. The growth of women led MSMEs is generally constrained by a lack of adequate finance, coupled with fewer opportunities to gain managerial experience, limited access to know-how and business networks.

Promoting 'green' practices among MSMEs. MSMEs' role matters in achieving the 2030 Agenda, because they constitute the largest part of the Ukrainian economy in terms of number of entities, employment and, as estimated, may be responsible for a large part of commercial and industrial waste. MSMEs' collective contribution to sustainable development can be very significant, as well as the individual effects can be very important within local environments and communities. However, studies suggest that MSMEs rarely support any environmental activities that go beyond

⁵ Women and Men in Leadership Positions in Ukraine, UNDP, 2017

the formal compliance with environmental laws and regulations, and generally assume that their business activities have a negligible impact on the environment. Micro-businesses generally have limited ability to understand and interpret environmental regulations, let alone a “vague” concept of environmental responsibility. The attitudinal barrier is often aggravated by the economic short-termism of most MSMEs. The shortages of time, financial and staff resources together with the lack of technical expertise and skills contribute to the common sceptical attitude toward environmental responsibility.

MSMEs are mostly unaware that improving their environmental performance is also a significant business opportunity entailing important business benefits that include: i) organizational benefits through the improved quality of management; ii) improved resource efficiency, waste reduction and related cost savings; iii) commercial benefits through market niche expansion, preferred supplier status or new customers/business opportunities; iv) environmental benefits derived from the improved environmental performance, efficiency and reduced pollution; and v) communication benefits resulted from improved public image.

The Project Phase I experience with industry specific MSMEs (e.g. in furniture manufacturing industry) shows that supply chain pressures can be the key driver for the adoption of environmental standards and management systems. MSMEs are increasingly forced to make the strategic choice of going sustainable to improve their image and obtain a competitive advantage, since foreign business customers and larger firms progressively demand environmental improvements along their supply chains.

MSME support infrastructure and the BMO sector analysis: gaps, challenges and potential remedies. Micro- small and medium enterprises are highly dependent on business support infrastructure which encompasses a network of institutions and organizations providing services to potential entrepreneurs, entrepreneurs or small- and medium-sized enterprises for the development of their business capacity (human, organizational, marketing, etc) or providing physical facilities for business operations.

Business Membership Organizations (often referred to as business associations) have essential role in the private sector structure of an economy and can address issues faced by MSMEs in order to improve their competitiveness. Firstly, due to their role as grass-root organizations in private sector they can play a role in consolidating the MSME sector and improving horizontal collaboration between MSMEs to leverage collective power of the sector.

Secondly, BMO can provide tailored and demanded Business Development Services to MSMEs. Thirdly, being membership-based organizations, they are able to select, aggregate and articulate the issues and demands of their members to underpin advocacy and dialogue with the Government on improving business enabling environment. This unique combination of strengths makes them an effective tool to increase the growth of firms in Ukraine.

However, the BMO sector in Ukraine is relatively young and is not sufficiently effective, even though, according to official data,⁶ it includes an impressive number of registered organizations – 2,293 associations, 26,336 trade and labour unions, the Ukrainian Chamber of Commerce and Industry (UCCI), including 25 regional chambers. The number of professional and active BMOs, however, is thought to be much smaller, as evidenced by various mappings undertaken by international projects over the past years⁷. The statistics may also be misleading as there is no separate legislation on BMOs and they may take different organizational and legal forms and, therefore, be regulated by different laws (Economic Code, Law on NGOs or Law on Chambers of Commerce).

Voluntary (and not mandatory) membership in associations in Ukraine largely explains why BMOs are weak and have limited membership and representativeness. On the other side, there is a persistent lack of a well-formulated ‘market offer’ from the BMOs to their potential and existing members. According to different estimates, only 9-15 per cent of entrepreneurs are or have been members of BMOs, and only 47 per cent think BMOs are useful and support the idea that that entrepreneurs should be part of membership organizations.

⁶ State Statistics Service of Ukraine, data for 2016

⁷ UNDP 2015, USAID 2016

Most of Ukrainian BMOs continue to face serious challenges ensued from both the overall unstable economic environment in Ukraine, generally weak entrepreneurial culture and poor organizational culture in the non-governmental sector. To a large extent, BMOs face the same set of problems as the wider cohort of Civil Society Organisations: organizational issues (weak strategic and operational planning, weak governance and organizational policies); poor representation; lack of expertise and human resources; weak inter-sectoral collaboration and established formats for effective cooperation with the government etc.⁸

The Phase I of the Project has overall re-confirmed and validated the BMO development issues as well as project's theory of change, and tested approaches and tools best fit to resolve them.

Main challenges of BMO development in Ukraine relate to the interconnected issues of:

- low representativeness of BMOs explained by low levels of awareness and understanding of BMOs benefits among MSMEs; reluctance of member businesses to actively engage and finance the BMOs' 'non-excludable services' of lobbying and advocacy which benefits the whole MSME community ('free riders' problem);
- poor institutional capacity, including lack of strategic planning, weak governance and low sustainability resulting from it, including in meeting some priority needs of SME, service provision strategy and capacities;
- lack of expertise and resources to actively influence changes for simplified business regulations.

Member maturity issue: only small share of Ukrainian MSMEs between 9-15 per cent are members of various BMOs, while about 44 per cent of MSMEs may consider becoming BMO members.⁹ The main reason why entrepreneurs do not join BMOs is their low awareness of BMO benefits and functions. Entrepreneurs are sceptical about being interesting for BMOs and vice versa, and often lack information about active BMOs in their industry and region. On the other hand, BMOs have to compete for each and every member by offering exclusive benefits.

Membership and financial sustainability: BMOs in Ukraine mostly enjoy the status of not-for-profits and can be funded through membership fees or voluntary contributions. They can also provide paid services, but legal regulations for that are not straightforward. The share of fee-paying members and weight of membership fees in the overall income varies greatly across different BMOs. For many BMOs, membership fees only can hardly provide solid financial basis, unless they turn into 'economy of scale' and start increasing their membership. Membership is usually stable or moderately increasing in large (national level or sector based) or newly created BMOs, while membership in small and/or local BMOs is generally limited and volatile. Local MSMEs are often either unwilling to pay membership fees or stop paying fees after one or two years of membership being disappointed with (in their opinion) low efficiency of BMO unable to meet their, often high expectations, which in its turn prevents scaling up of BMO services to its members. This reflects the member maturity and awareness issues, as well as BMOs sustainability challenges and low capability to engage, retain and properly service their members.

Legal status of BMOs: As not-for-profit organizations, BMOs greatly rely on membership fees, but also may generate funds by providing business support services. The not-for-profit status, however, prevents many BMOs from engaging in direct commercial activities and thus limits their ability to acquire funds through the provision of paid services. According to the law,¹⁰ a BMO, registered as a legal entity, may carry out entrepreneurial activities directly or through other legal entities, provided that this is stipulated in the BMOs' Charter and these activities are in line with the BMO's goals and objectives. There is, therefore, a need to help BMOs more actively exploit the opportunities envisaged by legislation and extend their services to MSMEs.

Service portfolio of the majority of BMOs is quite standard and consists of generic services which can be obtained elsewhere from private consultants or training institutions and are not very much driven by the demand. While advocacy and lobbying are a non-excludable collective service which BMOs provide to the whole MSME community, it is the proper blend of individual business

⁸ Civil Society in Ukraine// CCC Creative Center – UNDP, 2016; https://issuu.com/undpukraine/docs/ukr_report2016

⁹ Survey on the Demand of MSMEs for Business Development Service in Ukraine, UNDP 2017.

¹⁰ The law of Ukraine "On civic associations"

development services offered by BMOs that allows them to retain and grow membership. BMOs are used as business services providers only one time out of 10, and in 90 per cent of cases the services for MSMEs are delivered by other commercial entities, business partners or private consultants¹¹. Most of MSME BMOs, with few exceptions, do not have necessary in-house resources to provide wide range of services, and have to compete with other providers.

Low capacity is an issue in the majority of Ukrainian BMOs. It relates to limited resources (financial, human, lack of expertise etc.), reliance on a single personality as the driving force of the organization and poor responsiveness to members' needs, not least because of the lack of demand-driven orientation and absence of systematic MSMEs needs assessment. BMOs often underestimate the importance of transparency and democratic governance arrangements. Yet, previous project experience indicates that democratic governance is a solid foundation and prerequisite for a better member engagement and retention.

Need for cooperation within and beyond the BMO sector. A single BMO, especially local and/or small, is unable to seriously influence government's decision-making, therefore coordination of efforts with other BMOs and partnering with universities, think tanks, research centres are required to strengthen advocacy and BMOs' capability to visibly represent the interests of MSMEs. This leads to the perception of BMOs as *hubs* or *platforms* for cooperation.

Notwithstanding the above-mentioned issues, Ukrainian BMOs have substantial room for development that should be supported to strengthen the MSME sector. To become effective platforms for representing interests of their member MSMEs, existing BMOs must at least:

- mature into strong organizations with a proper governance structure including formulated and adopted strategy which translates into operational plans and organizational policies;
- respond to their members' needs by delivering required business development services and serve as platforms for inter-firm collaboration;
- become platforms and be able to assure joint activities and cooperation in order to obtain direct economic benefits from membership in the BMOs;
- build their capacity to cooperate for collective advocacy of interests and concerns of their members and drive the public-private dialogue.

The following actions should be taken to remedy the existing challenges:

- modification of BMOs organizational structures with more active member engagement;
- creation of BMO networks and pooling of resources with other market players;
- regular (rolling) assessments of members' needs;
- introduction of improved and/or new business support services;
- strengthening of advocacy capacity and improvement of advocacy performance of BMOs;
- creation of sectoral and inter-sectoral Group Purchasing Organizations (GPO);
- improving visibility and communication with members and non-members.

II. STRATEGY

Project objectives

The Project's strategy is aligned with the priorities of the Government of Ukraine – the United Nations Partnership Framework 2018–2022, and the UNDP Country Programme Document.

The project falls under UNDAF thematic pillar 1 «Sustainable Economic Growth, Environment and Employment» Outcome 1.1. *“By 2022, all women and men, especially young people, equally benefit from an enabling environment that includes labour market, access to decent jobs and economic opportunities”*. It also contributes to UNDP Global Strategic Plan Outcome 1: *Growth is inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded.*

¹¹ Survey on the Demand of MSMEs for Business Development Services in Ukraine, UNDP 2017.

The project responds to CPD 2018-2022 Output 2.2. Public institutions and private entities effectively cooperate to improve the business environment (*Indicator 2.2.1: Share of members of UNDP-supported business membership organizations satisfied with the business environment; Indicator 2.2.2: Number of businesses that benefit from scaled-up advisory support*).

The project is viewed as continuation of the phase I implemented by UNDP in Ukraine in 2015-2018, incorporating relevant lessons learnt and introducing adjustments that will enhance overall positive influence on MSME sector.

The objective of the Project Phase II is to scale-up the support to MSME sector in Ukraine and improve its competitiveness through more professional, demand-driven and client-oriented Business Membership Organizations.

The objective will be achieved by strengthening organizational development, improving governance and operational management of BMOs, facilitating access to and utilization of the Business Development Services by MSMEs, as well as facilitating professional public-private dialogue to improve the regulatory framework and overall business environment for MSMEs. Due consideration will be given to inclusion of vulnerable and marginalized groups in the project activities in order to expand opportunities of employment and livelihood.

Project approach

The project will consist of three major building blocks:

- assistance to BMOs in organizational development;
- improving access to and utilization of BDS by MSMEs, and
- more active and professional Public-Private Dialogue, which would involve both BMOs and the government at all levels.

During phase I significant results in terms of organizational development and management in 7 partner BMOs have been achieved. The strategies have been revised/developed followed by a series of organizational changes and specific projects/activities delivered by BMOs, which made them stronger interlocutors with the Government and a lot more oriented on the needs of members. Yet, the operational framework (operational plans, policies, budgets) has not been fully completed, financial sustainability through provision of fee-based services was not fully achieved and contribution to public-private dialogue has to be enhanced. Therefore, project will provide support to the BMOs targeted under Project Phase I to complete the most important transformations. The most apt organizations from this cohort *will be selected to serve as hubs/platforms for cooperation of wider circle of BMOs and BSOs and building networks for service provision, advocacy and dialogue.*

Yet, work with limited number of BMOs will still be insufficient to achieve qualitative changes in access of MSMEs to services and effective public-private dialogue as the PPD suffers from low private sector representation.

Therefore, the project will aim to expand BMO coverage, thus increasing the number of professional BMOs ready to engage into the dialogue and provide demanded BDS. The work with a wider circle of BMOs will be based on the most efficient methods of organizational transformation identified during the project's Phase I. The obtained experience will be proliferated to enable better results in organizational development, management, strategic planning, partnerships and advocacy. Peer-to-peer contact, mentoring and exchange of the best practices with the most successful BMOs from the first cohort will ensure the early buy-in by the newly partnered BMOs, as well as accelerated transformation in the forthcoming years.

The project will include 20 newly selected BMOs representing different types of organizations, including up to 8 industry-specific BMOs, the Ukrainian Chamber of Commerce and Industry and up to 5 regional Chambers of Commerce, 6 universal (inter-sectoral) BMOs (including 2 newly created BMOs and 2 women's business associations).

The Project will seek to engage the BMOs involved or supported by other SECO-funded projects thus ensuring synergetic effect of the projects¹².

¹² Specific examples are: i) associations closely cooperating with the WEHU funded project (Trade Promotion) Higher Value Added Trade from the Organic and Dairy Sector in Ukraine; ii) House Management Associations cooperating with

Given that the BMOs differ by the defining factor, services and contribution to PPD different BMOs will require separate capacity development tracks.

Industry-specific associations are the most common subtype of BMOs with the key advocacy function and playing a role in regulation of horizontal competition among their member companies and of vertical competition along the supply chain. They are also instrumental in setting industry standards and assisting the MSME in increasing productivity, quality and access to markets.

Regional or local Business Membership Organizations bring together the entrepreneurs from varied sectors of economy of a certain geographic or administrative area.

Women's associations typically arise from the self-help efforts of women entrepreneurs of a certain region or enterprise cluster, usually focus on women-specific concerns and engage in gender-related advocacy. The Project phase I has shown that there is a limited number of women's business associations and they mainly remain at the level of 'clubs' and therefore need assistance to evolve into tangible instrument of women's economic empowerment. During the past years the gender issues have seen a raise in Ukraine especially given that the Government has been increasingly putting gender equality on the agenda.

The *system of the Chamber of Commerce and Industry of Ukraine* is a unique BMO which encompasses all administrative regions of Ukraine and represents more than 8 thousand members (of which around 85 % are SMEs). Its activity is regulated by a separate Law of Ukraine "On the Chambers of Commerce and Industry in Ukraine". All enterprises can be members of the UCCI network (through membership in the regional Chambers) irrespective of the sector they belong to, thus making the UCCI a unique organization.

UCCI has been undertaking successful reform efforts and transformation from purely service organization into a genuine membership-based organization which is stipulated in the UCCI 2020 Strategy. Cooperation with UCCI will be crucial for advocacy and PPD efforts at the national level as they would inevitably require the smaller business associations to partner with the influential Chamber of Commerce and Industry and thus have higher profile in national advocacy through formation of widely acceptable business agenda.

Also, the project will leverage the opportunity to inspire transformation in 5 regional chambers by applying the best practices and methods accumulated by the Donetsk Chamber of Commerce, attributable to project phase I, as well as mentoring support from DCCI.

Overall, the capacity of BMOs will be addressed by the Project at three levels:

	<i>Micro level (BMO staff)</i>	<i>Meso level (organizational set-up)</i>	<i>Macro level: environment</i>
Description	Personnel skills and competences of staff, team work, information building and sharing. Crucial for implementing changes and running organization.	Organizational structure, internal policies, definition of roles and responsibilities, leadership, attitudes and incentives, budgeting, facilities, access to information, resources, communications within the organization, performance measurement.	Stakeholders dealing directly with the BMOs, policies, networks and partnerships with the Government authorities and beyond; Public-Private Dialogue.

WEIF (Private Sector Development) funded project in developing a house management market in multifamily buildings (IFC Ukraine Residential Energy Efficiency UREEP Phase III); and iii) the WEIF funded ESG regional program (IFC ESG Program).

Type or project intervention/activity	<ul style="list-style-type: none"> - Group trainings for BMO personnel to develop individual skills and professional competencies; - Individualized trainings for staff members of specific BMOs; Customized practical specialist trainings as per individual needs of specific BMOs - Coaching and mentoring for individual BMO staff members - Coaching and mentoring for BMO specialist teams 	<ul style="list-style-type: none"> - Group trainings for leadership and key staff (implementers) to enable organizational change; - Thematic trainings to build specialist capacity of BMO teams (e.g. service provision, advocacy etc) - Direct expert support to BMOs on organizational development, including strategy, policies, structures and operational frameworks; - Change management; - Coaching and mentoring for teams; - Peer learning. 	<ul style="list-style-type: none"> - Building networks and partnerships - Practical engagement into PPD and facilitation with involvement of government partners; - Advisory support to the Government on PPD; - Small grants to facilitate provision of BDS to MSMEs through BMOs - Support to BMO activities on promoting sustainability in MSMEs
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The project's capacity development interventions will be based on in-depth assessment of BMOs in terms of governance, management, services and advocacy/PPD. Different levels of capacity development will require different types of intervention such as systemic and ad-hoc training, mentoring, coaching, peer learning and "menu of development services" which would enable BMOs to apply to the project with requests for assistance in selected areas. This, on the one hand, will ensure a more tailored approach to delivering capacity development. On the other hand, the project will be able to address needs of BMOs in the most cost-efficient way: via general training if all participating BMOs select the same areas, and in smaller groups for those competencies that involve only several BMOs, or individually if the capacity building is to be very targeted. The selected services could be limited per BMO and be in line with their capacity development plans and their absorptive capacity. The latter will be determined during the project implementation as an outcome of the diagnostic assessment of selected BMOs. The specific targets for each BMO will be defined in a participatory way following the assessment.

The results of the BMO development will be monitored through analysis of qualitative and quantitative indicators, activity reports and regular feedback from selected BMOs. This would require strengthening BMOs performance management and building in-house M&E capacity.

To improve **provision of BDS**, the project will assist the BMOs in identifying MSMEs' needs, market gaps and tailoring the services in a way that they help retain and attract new members, generate income and have tangible positive impact on MSMEs.

BMOs are unique platforms for voluntary association of entrepreneurs to create trusting business relationships and find solutions to the problem of economic sustainability. The dialogue between the BMO members is the ground for the development of horizontal cooperation and scaling-up by reducing production costs through joint purchases and, therefore, increase competitiveness. The Project will facilitate creation of Group Purchasing Organization by the BMOs as one of the most promising services in terms of real impact on MSMEs and revenues for BMOs. GPOs could be one of the competitive advantages that the BMOs could offer.

Given that focusing on capacity development of BMOs and improving provision of BDS in absence of additional financial stimulus or seed funding may generate limited development results in terms of achieving positive impact on MSME sector *a small grants scheme may be designed* and made available in coordination and upon agreement with the donor and project beneficiary to help BMOs enhance their service capacity. Small grants to BMOs will aim to improve services to members and non-members and thus will have MSMEs as final beneficiaries. BMOs will be urged to identify, pursue and achieve certain programmatic goals aimed at MSMEs, which would be expected to have a very concrete measurable impact on the MSME sector. The small grants scheme will be designed and rolled out so to avoid market distortions and address the gaps in BDS provision or assist in development of innovative services such as joint procurement groups or other. Grants will be awarded on a competitive basis for eligible BMO proposals for discrete developmental service activities. The grant selection process mechanism, including selection and eligibility criteria along with the approving authority will be approved by the Project Board. The National Steering Committee will be established for the purpose.

As most of the BMOs lack capacity in the formulation of proposals for **advocacy and public-private dialogue** in view of their small size and limited resources, the project will help to improve advocacy and increase contribution to PPD through building cooperation and coalitions across the BMO sector, as well as establishing synergies and partnerships with research centres, think tanks, media and other market stakeholders.

Effectiveness of the public-private dialogue at all levels would depend primarily on the capacity of BMOs to jointly advocate for better business climate and capacity of the authorities to incorporate and provide feedback on private sector inputs.

The public-private dialogue will be issue- and/or sector-based (e.g. involving the sector-wide associations engaged by the project) thus ensuring that the project activities have direct influence on enabling environment and benefit MSMEs. The necessary *facilitation, training, coaching, research and advisory support* will be provided to both BMOs and the government's side upon identification of cases for dialogue and stakeholders. Project's Phase I experience indicates that PPD clustered around specific issues, brought up by private sector (especially at local level) coupled with UNDP's facilitation and technical assistance to both parties, produces better results than only investment into the mainstream training activities of the governmental bodies. Therefore, the capacity development support to the government counterparts should be aligned with the specific cases and timing yet combined with activities on building awareness and developing competencies of the officials at different levels to sustain effective PPD.

The project will work at local level to facilitate participatory and dialogue mechanisms to review, reduce and improve local regulations. It will scale up the PPD mechanisms piloted under the Phase I, such as Open Regulatory Platform for municipalities to improve the local business environment and work to develop quality standards for services and goods produced by MSMEs.

Specifically, dialogue on standards of doing business in several sectors will be facilitated to help relevant BMOs test the potential for industry self-regulation. This will also include the development and adoption of the requirements to qualifications and competencies of the labour force, demanded by the private sector, through dialogue with VET system and higher educational institutions. The Project Phase I showed BMOs' interest to participate in the formulation of requirements for professional skills and knowledge of personnel employed in MSMEs.

Based on proven successful practices, BMOs could further serve as platforms and quality assurance for the voluntary commitment of MSMEs to adhere to certain standards, which would result in better services to the clients and higher capitalization of their business.

The cross-cutting topics of gender and sustainability will be addressed through all three outputs of the project: organizational development, provision of BDS and public-private dialogue, by properly integrating gender and sustainability considerations into organizational policies, services, advocacy activities of the BMOs and public private-dialogue. Although MSMEs have relatively little individual importance for sustainability or equality, associatively, through BMOs, they can have great impacts on the regions and communities where they are operating.

The Project will also include at least 2 women's BMOs in the list of partner organizations and provide them a broad capacity development assistance, as well as incorporate proper organizational policies and gender lenses in all other BMOs, thus enabling them to address the needs of women-owned and women-led enterprises and contribute to women's economic empowerment.

Additionally, gender balance will be measured, through the gathering of disaggregated gender data, at activity level (number of BMOs and specifically women-led BMOs with improved governance, management and optimized internal processes that are able to maintain and further improve effective organizational structure and processes) and at results level (gender balance for improved decision making processes within BMOs).

Human Rights-Based Approach

This Project will be implemented following a rights-based approach encompassing all human rights. The five working principles below will be applied at all stages of Programme implementation:

1. Legality, universality and indivisibility of human rights;

2. Participation and access to the decision-making process;
3. Non-discrimination and equal access;
4. Accountability and access to the rule of law;
5. Transparency and access to information.

III. RESULTS AND PARTNERSHIPS

Expected Results

In response to the challenges identified in section 1.2. the Project aims at improving growth and competitiveness of the Ukrainian MSMEs, which will contribute to inclusive economic development in Ukraine, including women's economic empowerment, by ensuring that MSMEs increasingly benefit from Business Development Services and business environment is improved through professional Public-Private Dialogue.

The Project intends to achieve the following results:

1. MSME sector representativeness through professional BMOs has increased;
2. MSMEs increasingly benefit from business development services provided by BMOs to enhance their competitiveness;
3. Business environment for MSMEs is improved through an inclusive, representative and effective Public-Private Dialogue.

The results will be achieved through the following Components and Activities:

Component 1: Improved organizational capacity of BMOs

The Project Phase I experience shows that the domains of governance, management, membership and services are interconnected and are elements of a 'value proposition' that BMOs make to their existing and potential members. Members and potential members would prefer an organization with a democratic approach to governance and transparent management, which creates trust, loyalty and sense of ownership. Therefore, under this component, the project will strengthen governance, strategic planning and operational management, including HR, finance, administration etc., of selected BMOs aiming to render them more effective organizations. The diversity of the organizations requires the project to track the individual needs on the rolling basis, constantly adapt capacity development programme and provide tailored services.

Output result: Partner BMOs strengthened governance and organizational capacity to better represent the interests of SMEs

Activity 1.1. Provide follow-up support to BMOs engaged under Project Phase I

Additional support will be provided to the 7 partner BMOs assisted during the Phase I of the Project in order to consolidate the organizational transformation by translating strategies into operational plans and activities. In addition, the most apt and committed organizations will be additionally trained to serve as *hubs or platforms* for cooperation of wider BMO community, thus spreading further the experience and knowledge obtained in the Phase I and contributing to MSME sector consolidation. These BMOs will be included in Phase II monitoring to measure sustainability and impact of the Phase I.

Activity 1.2. Deliver in-depth research on BMO sector

The project will support research and mapping of the BMO sector including issues of representativeness, service provision and involvement into the public-private dialogue. An in-depth study shall include information about the number and types of *active BMOs*, membership data including share of MSMEs represented by BMOs, typical services, advocacy targets and results and will serve to inform project and national stakeholders in the implementation of the MSME policy. The activity responds directly to the 2020 SME Development Strategy Action Plan. Availability of the above data would enable the national authorities to deploy proper business support infrastructure in a more efficient manner as well as address the issues of PPD and private sector representation.

Activity 1.3. Select partner BMOs

The identification of suitable BMO partners is critical for the success of the project interventions. Based on the Project Phase I experience and lessons learned, the project will partner mostly with established BMOs which express interest and show strong commitment to take part in a long-term technical assistance program. Whereas Project Phase II aims at scaling up support to MSMEs within a limited time frame, minimum requirements to BMO organizational capacity and stability will be set to ensure the long-term success of the project interventions. On the other hand, the project approach foresees supporting different types of BMOs (including few fledgling organizations) to increase the project impact. Therefore, additional criteria for partner analysis and selection will be developed and introduced.

Further to elaboration of selection criteria and methodology, a call for applications to participate in the BMO capacity development programme will be announced, applications collected and at least 20 participating BMOs will be selected.

Activity 1.4. Implement BMO capacity development programme

Under this activity, an in-depth diagnostic assessment of selected BMOs will be performed to determine their baseline capacity, exact needs and capacity gaps. The capacity assessment will inform capacity development plans, including specific targets and performance indicators where gender equality and women's economic empowerment will be defined as a separate indicator to be achieved by each of the BMOs.

The organizations will be offered comprehensive services - from holistic training and coaching programmes to the 'menu of services', i.e. short-term interventions to address specific issues of the BMOs in the areas of good governance, internal policies, management practices, accounting practices, strategic planning, fundraising, membership development, communication, advocacy, networking and/or possibly other topic areas identified for capacity development.

The capacity development programme will also include additional modalities (experience sharing sessions, group working, mentoring, on-the-job coaching, learning by doing, advisory support, peer-to-peer learning) addressing the capacity gaps at micro-, meso- and macro level.

Component 2: Better MSMEs' access to Business Development Services through BMOs

While some aspects of the BDS provision will be addressed under Output 1 (*services as a source of income and foundation for improved financial sustainability*) this Output will be oriented *outwards* and will aim to improve access and utilization of BDS by MSMEs thus enhancing their performance and competitiveness.

The project will primarily undertake a BDS market study to identify market gaps in terms of BDS demand and supply. Following the study, the project will provide to the BMOs continuous support in identifying and monitoring needs of MSMEs in the respective sector or area. Further, the project will assist partner BMOs in reviewing the service portfolios and tailoring it to the needs of the MSMEs. A balance will be sought between the need to diversify service portfolio to generate income for BMOs and actual demand from MSMEs side to prevent a situation when a rapid expansion of services turns out financially unsustainable. The project may provide financial incentives to the BMOs in developing innovative services or filling the market gap (areas not covered by existing providers) through a small grants scheme.

The project will work to promote voluntary standards of business as a prerequisite for self-regulation and industry standards, promote social responsibility, equal opportunities based on gender equality and women's empowerment principles and sustainable practices through BMOs as cross-cutting issues (*along with Output 3*).

The support to BMOs in terms of BDS provision will seek complementarity with the governmental and other donor programmes of MSME support.

Output result: MSMEs enjoy better access to Business Development Services through BMOs and utilize them extensively

Activity 2.1. Conduct BDS market assessment

A clear understanding of MSMEs needs combined with the knowledge of the availability and impact of the BDS is a prerequisite for supporting the development of a targeted and

demand driven BDS market. To this end the project will carry out a BDS market assessment aiming to identify the unaddressed needs of MSMEs and inform the Government, BMOs and other stakeholders in bridging the 'market gaps' in provision of the Business Development Services to MSMEs. The assessment will look both into the supply and demand side of the market including the availability of providers, types and quality of services, access to and utilization of BDS by MSMEs etc. The study should also help develop a nuanced BDS policy among BMOs and within the Government regarding which services should be provided for free, which should be co-financed, and which should be exclusively offered at market rates.

Activity 2.2. Support development and rollout of general BDS

To maximize the potential of BMOs as providers of BDS the participating BMOs will go through a review and mapping of the current services provided and either suggesting ways for improving their quality or exploring possibilities for offering new services. The project will assist BMOs' in self-analysis by conducting workshops with BMOs' staff members. Careful consideration will be given to the technical, financial and human resource requirements needed for delivering new or modified services. Project experts will help participating BMOs prioritize particular services and their deployment.

Focus will be dedicated to those services that are not provided by the private consultancies such as group purchasing. Specifically, group purchasing development activities will include trainings, consulting of BMOs' members and staff, development of the existing knowledge database (creating or leveraging existing e-platforms).

In parallel, the project will increase awareness of the MSMEs as to the importance and benefits of BDS as well as disseminate information on BDS providers from among BMOs and other suppliers (*linked to activity 1.1. and 2.1. which will provide mapping of BMOs and other BDS suppliers*). Whenever feasible the project will share all available and valid information with national authorities via the envisaged government-owned portal for MSMEs and assist MEDTA and/or SMEDO in developing basis for accreditation of BDS providers.

Monitoring and evaluation plans will be developed, and monitoring instruments suggested to ensure systematic performance measurement and to assess and subsequently improve the quality and efficiency of services.

Activity 2.3. Facilitate MSMEs' access to BDS through small grants scheme to BMOs

While high prices/costs are often seen as the main reason why MSMEs do not seek external business development services and why BMOs do not offer some highly demanded services, the project will pilot a small grant scheme approach to support or launch the services that may have tangible impact on SMEs and have high probability of becoming a sustainable source of income for BMOs. Small grants to BMOs will be allocated on a competitive basis¹³. The purpose is to incentivize the offer by BMOs and to encourage initial take-up of BDS by underserved SMEs, as well as to facilitate access of SMEs to more sophisticated or previously unavailable services (*such as BDS aimed at integrating sustainability elements into business operation*).

Activity 2.4. Promoting sustainable practices among MSMEs

The project will assist BMOs in designing the specific BDS aimed at increasing sustainability of member entrepreneurs including training, consultations etc. The activity will aim to ensure that more entrepreneurs are fully aware of the social, environmental, and economic impact that the developed business activity is having on the territory or community and are able to conform with the required social and environmental standards. This type of service may also be support through the small grants scheme as described in Activity 2.3.

These sustainability considerations are increasingly important in the context of EU-Ukraine Association Agreement to comply with EU quality-assurance standards in a range of areas, including the environment, food standards, and general production practices, which would enable the enterprises to internationalize and contribute to international trade.

¹³ The project will refer the model used by the Swiss Cooperation Office scheme in 2018 for UNDP 7 partner BMOs.

The Activity will be implemented in conjunction with Output 3 on Public-Private Dialogue and Advocacy.

Component 3. Private sector and governmental side engaged in effective public-private dialogue.

Under this output the project will work with the BMOs to enable them to engage into meaningful dialogue with the government with the ultimate goals of improving local and national regulatory framework and policies. The project will assist BMOs in building the strategic framework for advocacy and dialogue and promote their cooperation, linkages and partnerships with external stakeholders. The Project will engage with both BMOs and the governmental side and will serve for both as a platform and facilitator to engage in a meaningful dialogue. The public-private dialogue will be issue or sector-based thus ensuring that the project activities have direct impact on enabling environment and benefit MSMEs. The necessary facilitation, training, coaching and advisory support will be provided to both BMOs and government's side on the ongoing basis. The project will scale up the PPD mechanisms tested under the Phase I, such as Open Regulatory Platform for municipalities to improve the local regulatory environment.¹⁴

The Project will emphasize on building partnerships in and beyond the BMO sector so to leverage synergies and ensure more targeted use of resources by all stakeholders.

Moreover, the effectiveness of public-private dialogue depends primarily on the capacity of BMOs to jointly represent MSMEs' interests and widely partner with other 'market players' to develop sound proposals for advocacy.

Output result: Private sector and governmental side engaged in effective public-private dialogue leading to improvement of business environment

Activities 3.1. Improve general advocacy strategy of BMOs

Though advocacy is viewed as a key function of BMOs, the Project Phase I has revealed that because of the relatively small size of most business associations they will continuously face restrictions in terms of resources (both human and financial) to effectively advocate for the interests of SMEs at the national level. For this reason, training on advocacy will primarily focus on helping BMOs understand advocacy strategy and communication, to be able to leverage networks and build coalitions. Accordingly, under this activity, the project will help participating BMOs master the ability to identify advocacy targets, issues for PPD initiate and facilitate public-private dialogue. Development of in-house capacity will be supported where there are sufficient resources and structures in the BMOs (such as Chambers of Commerce and bigger sector-wide associations).

Under this activity, the project will also support the Ukrainian Chamber of Commerce and Industry in its organizational reform directed at the creation of SME department and a research unit for advocacy purposes (along with activities under Output 1).

Activity 3.2. Support partnerships for advocacy and dialogue

The Project Phase I clearly showed that due to their limited resources BMOs would not be able to advocate for changes in the business environment without joining resources and efforts with other market players. Therefore, under this activity the project will seek to:

- a) improve cooperation between BMOs. The project will support creation of BMO networks and coalitions and facilitate their cooperation with the Ukrainian Chamber of Commerce and Industry, relevant regional Chambers, and other bigger organizations inasmuch as such cooperation benefits the MSME sector.
- b) improve cooperation between BMOs and other market stakeholders, as most of the BMOs currently underutilize the potential of cooperation with external consultancies, research institutions, think tanks and media for the benefit of MSMEs.

¹⁴ In May 2018 the Project phase I has assisted in establishing the Open Regulatory Platform in the city of Vinnytsia convening city council, BMOs, academia and other stakeholders to review the local regulatory acts in order to further cancel them or amend so to improve the business environment. The initiative continues to work productively after the project's phase out.

The project will support relevant partnerships for joint preparation of evidence-based proposals for deregulation of the business environment and other activities promoting business enabling policies. Besides the intended core results, promotion of such linkages will help build sustainability after the project end.

Project Phase I showed BMOs' high interest to influencing the formulation of requirements to skills and qualifications of the labour force. The project will facilitate cooperation of BMOs with VET and higher educational institutions on one hand and support the BMOs in developing and further certification of non-state professional standards. This will ensure a reduction in the cost of necessary personnel training and the possibility of scaling up a business on one hand, and on the other – contribute to the reforms of the VET system as a while.

Activity 3.3. Strengthen BMO capacity to develop industry standards

Under this activity the BMOs will be assisted in designing and adopting the voluntary standards for goods and services of MSMEs. The project will serve as a platform and facilitator to the sector-wide dialogues led by the BMOs. The project will primarily work with the sector-wide BMOs to support the bottom-up debate on the standards, which may lead to early elements of self-regulation. The approach has been tested during the Project Phase I. Given that standards' setting, and standards' quality assurance is a cross-cutting topics some elements will addressed through Output 1 when it comes to BMO membership, and transparency, and Output 2 when it comes to providing services of quality assurance through voluntary certifications.

Activity 3.4. Promoting public-private dialogue (PPD) at local and national level

The project will support both public and private sector in designing and running concrete public-private dialogue initiatives distributed across the sectors and regions. In particular, the project will replicate the experience of Open Regulatory Platform in other municipalities, so to improve the local business environment and support the regular national SME fora - PPD events jointly organized by MEDTA/SMEDO and BMOs. The project will work with both public sector and BMOs to identify opportunities for PPD and roll them out.

In addition, the project will assist MEDTA in participatory design and review of the MSME-related policy frameworks.

Resources Required to Achieve the Expected Results

UNDP shall be responsible for the overall management of the Project, primarily with regard to the responsibility for the achievement of the outputs (results), impact and objectives. UNDP will delegate managerial duties for the day-to-day running of the project to the locally recruited Project Manager, selected by UNDP in line with UNDP POPP.

The Project Manager will be supported by Finance and Procurement Associate, whereas the substantive project components will be led by three national Coordinators as described below:

Project Manager (SB5) will be responsible for will be responsible for day-to-day overall operational management of the Project and delivery of results, in close cooperation with the UNDP Team Lead, in accordance with the project document, third-party cost-sharing agreement between UNDP and SECO, work plans and joint agreements between the Government of Ukraine and UNDP.

Coordinator on BMO organizational development (SB4) will be responsible for management, coordination and facilitation of respective groups of activities combined under the Project's Output 1: "Organizational Development of BMOs" and implementation of the component, including provision of direct mentoring, coaching and advisory support to the project beneficiaries and recipients.

Coordinator on BDS for MSMEs (SB4) will be responsible for management, coordination and facilitation of respective groups of activities combined under the Project's Output 2: "Improved access to and utilization of Business Development Services by SMEs" and implementation of the component.

Coordinator on Advocacy and Public-Private Dialogue (SB4) will be responsible for management, coordination and facilitation of respective groups of activities combined under the Project's Output 3: "Effective public-private dialogue" and implementation of the component.

Finance and Procurement Associate (SB3). Under the overall guidance and direct supervision of the Project Manager, the incumbent will be responsible for the overall support of the implementation of the project, with an accent on finance, procurement and administrative aspects. The incumbent will work in close collaboration with the operations and Programme staff in UNDP Country Office and other UNDP projects.

Detailed ToRs are included in Annex 4.

Purchases, equipment and facilities

Office space will be rented in accordance with applicable UN security standards enabling project beneficiaries to regularly and easily attend meetings, activities, and training at the project offices. Care will be taken to ensure value for money of the rented space. The meeting rooms at the UN House to be provided on a pro bono basis.

Any equipment, computers, office furniture and office supplies will be purchased within UNDP POPP and guidelines ensuring best value for money.

Partnerships

The key government counterparts and beneficiaries of the Project will be the Ministry of Economic Development, Trade and Agriculture and the SME Development Office (SMEDO). The mission of SMEDO is to establish the system of SME support by improving their access to information, finance, development of infrastructure and popularization of entrepreneurial culture in Ukraine.

The SMEDO is designed to play a key role in enhancing competitiveness of MSMEs in Ukraine and abroad by:

- Establishing the network of Business support centers based on the network of local self-government bodies, including the so-called Centers for Provision of Administrative Services (TSNAP) (free information and consulting services to micro- and small businesses);
- Establishing mechanism of partial guarantees of loans;
- Launching a single state-owned information portal for MSMEs to ensure their access to information on existing support programmes, BSOs/BMOs and other important information;
- Creating guides for beginner entrepreneurs containing detailed instruction on how to establish and run business etc.;
- Creating a Programme of training and financial support for start-ups, including socially vulnerable people.

The Project will also seek cooperation and partnership with other national and regional authorities expressing interest in MSME development such as Ministry of Digital Transformation, State Regulatory Service, Oblast State Administrations and municipalities which have critical role in improving the business support infrastructure for MSMEs, as well as improving national and local business environment.

The Project will build partnerships with a wider circle of BMOs and private sector organizations to promote consolidation of the sector and increase representativeness of the Public-Private Dialogue.

The Project will seek coordination and complementarity with the donor-funded projects and programmes implemented in Ukraine, some of which are listed below (non-exclusive list). UNDP will engage in bilateral coordination as well as contribute to the work of the donor coordination structures in Private Sector Development area.

In the first instance synergies will be developed with the UN Recovery and Peacebuilding Programme (RPP), a jointly implemented area-based programme in the government-controlled Donetsk and Luhansk oblasts that has been supported by multiple donors and the United Nations system.

The main objective under UN RPP's Component 2 «Economic Recovery and Restoration of Critical Infrastructure» is to foster economic revitalization in eastern Ukraine and, specifically, to

stimulate employment and economic growth. The activities include assistance to develop Micro, Small and Medium Enterprise (MSME) through demand-driven business development services and professional skills training, as well as restoration and strengthening of the institutional and educational infrastructure needed for effective functioning of agriculture and non-agricultural sectors of the regional economy.

Besides area-based UN RPP, UNDP has broad field presence in all regions (oblast). A network of 24 regional offices and SDG coordinators serves as a primary entry point for cooperation and instant coordination with local stakeholders including authorities, civil society and private sector.

The Project will leverage the solutions and innovations for entrepreneurship designed by UNDP Accelerator Lab. The Accelerator Lab is tasked to transform UNDP collective approach by introducing new services, backed by evidence and practice, and by accelerating the testing and dissemination of solutions. The Lab analyzes challenges within local contexts to identify connections and patterns in search of new avenues of work to act effectively in addressing wicked development challenges.

UNDP further aims to expand the inclusive growth and economic development programme with a focus on entrepreneurial culture and SME competitiveness, women economic empowerment and impact entrepreneurship which would link the SMEs to sustainability and SDG narrative. UNDP also seeks to engage private sector and mobilize private capital for the implementation of the SDGs. The Project will organically link and synergize with existing and future interventions given that the BMOs serve as conveners and multipliers, essential for unlocking new partnerships and reaching out to entrepreneurs.

The EU-funded FORBIZ project supports Ukraine's reform agenda and its economic recovery by proposing a systemic, smart change to a more business-friendly environment with a particular focus on SMEs. The project seeks to steer a shift in policy towards greater recognition of SMEs and the vital role they play in economic recovery, while addressing the challenge of reducing regulatory burden and lessening risk for businesses.

The project has three main components:

- *Business-friendly Regulations* supporting Ukrainian authorities at all relevant levels aiming to achieve better regulatory policies within priority sectors.
- *Policy Support to SMEs* strengthening the capacity of Ukrainian national, regional and local authorities and other stakeholders to implement effective economic development policies with a specific focus on SMEs.
- *Dialogue with SME Community* improving access to information for Ukrainian SMEs and consultations with the business community on regulatory improvements.

FORBIZ provides immediate support to the operation of SME Development Office to the Ministry of Economic Development, Trade and Agriculture of Ukraine. Therefore, close cooperation will be established with the project to ensure coordinated action and synergies.

EU4Business: Network of Business Support Centers in Ukraine. The programme, funded by the EU and implemented by EBRD, aims to improve the competitiveness and ability to access finance of Ukrainian SMEs through the provision of business advice and capacity building, as well as preparation for financing from the EBRD and other financial institutions. Furthermore, the programme supports the creation of a network of 15 business services centres across the country to support SMEs in accessing the right financing and know-how support for their business. It is envisaged that at least 30,000 SMEs and entrepreneurs will benefit from the project.

Partnership for Local Economic Development and Democratic Governance Project (PLEDDG) is a 6-year technical assistance project implemented by the Federation of Canadian Municipalities (FCM) and financed by Global Affairs Canada. The project aims to strengthen Ukraine's municipal sector by increasing capacities in 16 Ukrainian cities to advance local democracy and economic development. The Project works to strengthen local democracy through implementing an open government model and ensuring transparent and effective decision making by local government, create enabling conditions for the creation and growth of small and medium-sized enterprises, with a focus on women entrepreneurs, facilitate decentralization of authorities and integrated development planning at the local, regional and national levels.

The *Canada-Ukraine Trade and Investment Support (CUTIS) Project* is a 5-year (2016-2021) Canadian development assistance initiative designed to lower poverty in Ukraine through increasing exports from Ukraine to Canada and investment from Canada to Ukraine.

The *USAID Competitive Economy Program (CEP) 2018-2023* in Ukraine is to promote a strong, diverse, and open economy by enhancing the business environment for small and medium enterprises (SMEs), improving competitiveness in key industries, and enabling Ukraine to benefit from free trade agreements. The project works to increase market opportunities and competition, thereby catalyzing broad-based economic growth. The goals of the programme are:

- Introduce SME friendly-business laws and regulations
- Increase SME sales in domestic, regional, and global markets
- Create new jobs in selected industries
- Encourage new investments in start-ups or business expansion

Risks and Assumptions

Successful implementation of the project is based on the following assumptions:

- there is Government's commitment to develop a progressive MSME development policy implemented focused on, among other things, promoting entrepreneurial culture, promoting business skills training and strengthening small businesses' innovation potential, creating/strengthening a regional network of centres to support entrepreneurship, at local level, stimulating the development of local MSMEs support programme
- the increasing openness of the Government, in particular availability of open government data, and readiness for the dialogue with private sector much needed by MSMEs
- continued de-regulation and Government's commitment to improve business enabling environment
- continued decentralization which empowers local communities to manage local resources and promote entrepreneurship, therefore generating demand for a better business support infrastructure
- presence in Ukraine of a large number of BMOs already providing some services to MSMEs, which suggests a good potential for development and partnerships
- BMOs are interested in increasing representativeness (membership) an enhancing positive impact on MSME sector through targeted business development services as well as advocate for better business environment and regulations
- MSMEs understand the importance of the bottom-up collective action to create more business opportunities and have a meaningful impact on government policies.

The Project may face the following risks:

- Political instability and changes in the Government
- Challenging macroeconomic situation in Ukraine: MSMEs are highly dependent on domestic market. Therefore, their performance depends heavily on macroeconomic situation.
- A change in the country's MSME sector development path which may be caused by changes of Government policy and strategic priorities leading to implicit de-prioritization of MSME development
- Low motivation of BMOs to develop their membership base as well as their service portfolio emanating from lack of strategic vision for organizational development.
- Low motivation of BMOs to engage in advocacy and dialogue which may be linked to BMOs' reluctance to provide non-excludable services, i.e. those that benefit the whole community and non-members but are only paid by members of specific BMOs. Inefficient advocacy process and PPD also decreases motivation of BMOs and BMO members.
- Low motivation of MSMEs to join associations, contribute to their work and pay fees.

- Security situation and escalation of conflict in the East
- COVID-19 emergency situation country-wide

The risk log with a more detailed description and mitigation actions is available in Annex 3.

Stakeholder Engagement

UNDP will ensure meaningful, effective and informed participation of stakeholders in the implementation of the Project. Analysis and further engagement of the Project stakeholders will be conducted in gender and age-inclusive and responsive, culturally sensitive, non-discriminatory manner, ensuring that potentially affected vulnerable and marginalised groups are identified and provided opportunities to participate.

The stakeholder consultation process within the Project will include the definition of stakeholder's involvement, awareness-raising and capacity assessment, development of a strategy for stakeholder participation and ensuring adequate consultations for the project inception and its implementation. It will seek to identify priorities of stakeholders, provide them with opportunities to express their views at all matters that affect them and will allow the project team to review and respond to those.

UNDP will establish the entry points and communication channels for potentially affected stakeholders to communicate their concerns about the Project's social and environmental performance. Information about available entry points for submitting stakeholders' concerns will be communicated as a part of the stakeholder engagement process.

Envisaged that the Project stakeholders may include, but not limited to:

- Business Membership Organizations (business associations) and business support organisations;
- Micro, small and medium enterprise as well as private sector as a whole;
- Civil society (CSOs/NGOs, community associations and other);
- Government of Ukraine (Ministry of Economic Development, Trade and Agriculture of Ukraine, SMEDO, Ministry for Communities and Territories Development, Ministry of Digital Transformation etc.);
- Relevant Parliamentary Committees (Committee on Economic Development, Committee on Agrarian and Land Policy and other whenever relevant) and their members;
- Vulnerable groups (women, youth and other);
- Academia, research institutions, and the expert community;
- Donors and international development partners of Ukraine;
- Media

Knowledge and Communication

Knowledge management and sharing plays crucial role in ensuring efficient and effective project implementation and sustainability of project results along the following lines:

- Documenting best practices and success stories of BMOs and MSME members who have benefited from the partner BMOs is critical for building up the outreach and impact of the project;
- Ensuring access of wider community to the knowledge and recommendations on BMO organizational development will help proliferate best practices of organizational governance and management;
- Documenting best practices and successful practices as well as failures in public-private dialogue helps stakeholders in finding proper approach and model of the dialogue.

The project will consistently use the existing channels, including UNDP website and the websites of partners, National SME Platform and other relevant outlets, along with the social media tools to share updates about the Project's outputs and impact. The communication activities will be carried out on multiple communication platforms, which proved efficient for Ukraine. Preference is given to existing channels and tools, used by UNDP Ukraine and UN in Ukraine joint platforms, such as media, websites, social media channels, real life thematic events etc. These channels will be

reinforced with digital communication tools, including interactive ones, which will allow a better audience outreach. Digital and social media will be given priority compared to mainstream media, given the high level of internet penetration and social platform use in Ukraine.

The communication and knowledge management strategy will be implemented through the annual action plans against which it will be monitored. Evaluation will be based on both quantitative and qualitative assessment of activities.

Project envisages development of the analytical and information reports, presentations, assessments, research, studies, case studies, lessons learned and other knowledge and communication products. All materials will be open, available for all the interested parties and will acknowledge that the Project is implemented with the funding from Switzerland displaying the respective logos appropriately. Next to this, the project will ensure that all the public events are widely covered by media and the most popular media outlets regularly get feeds from the project to provide the stakeholders updated content about the project and its lessons learnt.

Sustainability and Scaling Up

The project results under Phase I have demonstrated positive signs in terms of sustainability. Several initiatives supported by UNDP and owned by the BMOs have proven to be viable and continued to develop without the project support, such as Open Regulatory Platform in municipality of Vinnytsia or advocacy on standards of business in various industries led by League of Business and Professional Women. The lessons from the Project Phase I indicate that it is critically important to scout for and support initiatives where there is ownership of the BMOs or, vice versa, government authorities in terms of PPD and not to impose the external agenda. Based on previous experience the Project will continue looking for systemic solutions which may be further replicated and exist without donor support.

The sustainability of the Project Phase II will be based on:

- Alignment with the national priorities and strategic documents;
- Knowledge and skills that are transferred to BMOs and BMO personnel;
- Organizational culture that will be built in the BMOs (good governance, business-minded management and operations, transparency and member engagement);
- Specific activities and services delivered by BMOs to MSMEs with UNDP support, which will generate measurable economic benefits;
- Cooperation and partnerships;
- Participation and engagement: policies, organizations, activities designed in a participatory manner are more viable.

The Project will continue investing in the capacity of BMOs primarily by improving governance and organizational policies, which constitute the foundations of any organization, as well as by targeted training and coaching for BMO leadership and personnel. The emphasis will be made on strengthening performance management and turning BMOs into self-learning organizations. Proper governance and self-learning are key elements to ensuring that the organizations are resilient, can face the dynamic challenges and create change that is self-replicating and reinforcing.

BMOs assisted under Phase I will continue to be engaged as their experience and knowledge is important for wider BMO community. They will be monitored to track the organizational change over a longer period to inform the implementation of the Project Phase II.

The project will work with a wider number of 'market stakeholders' to build cooperation and self-replicating networks.

The sustainability of the Project will also be ensured by engaging more powerful BMOs, such as the Chamber of Commerce and Industry, which will serve as platforms for advocacy and public-private dialogue.

IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The Project is developed based on previous experience and lessons learned from the I phase of the project implemented in 2015-2018. Previous experience and lessons learned are incorporated into the strategy and theory of change of this Project. The Project's interventions provide extended options for scaling up and the sustainability of project results, including from the I phase, with the possibility of achieving synergetic effects with other UNDP and development partners' efforts in private sector development.

The project will be a part of the UNDP Inclusive Development, Recovery and Peacebuilding portfolio and will use the benefits of current strong working relationships between projects, donors, national and local government, as well as private sector in all regions of Ukraine. The project activities will be implemented, where possible, in collaboration with existing UNDP partners on the sport and will leverage wide regional presence of UNDP SDG coordinators in the regions. This will also help to avoid duplication of activities and overlapping of other projects and organizations, building strong synergy with sister projects.

The project will rely on UNDP's strong institutional structure. UNDP's financial, operations, and procurement systems will ensure project cost efficiency and effectiveness. The project will work closely with the UNDP's Istanbul Regional Hub, allowing to mobilize support from experts within various areas, e.g. economic development, poverty reduction, private sector development etc. Project staff will be based in Kyiv.

Project Management

Federal Department of Economic Affairs, Education and Research EAER of the State Secretariat for Economic Affairs of Switzerland (SECO) represented by the Swiss Cooperation Office in Ukraine will have the overall formal responsibility on behalf of the Government of Switzerland and UNDP will refer and report on all issues to SECO and SCO. UNDP and SECO have agreed to the following management arrangement with the aim of ensuring adequate dialogue and timely decisions regarding this development project:

- UNDP will take full responsibility for project implementation as specified in project proposal and the third-party cost-sharing agreement with SECO. Cost-sharing agreement spells out the requirements for narrative and financial reporting as well as evaluation and audit.
- Project management and expenditures shall be governed by the rules, regulations, policies and procedures of UNDP. UNDP shall provide annual status reports of Project progress as well as the latest available approved budget.
- For the ongoing implementation of the project, including monitoring of progress against the established indicators, UNDP will apply its own monitoring framework as outlined in the proposal submitted to and approved by SECO.
- A direct management role by the Swiss Cooperation Office in Kyiv is not planned, although SCO will continue to monitor the project implementation and represent SECO on the Project Board as well as be engaged in activities in Ukraine which require presence of the donor.
- Project implementation and the emerging results will be discussed regularly with national partners, SECO and SCO the regular Project Board meetings according to the terms of reference outlined in Annex 4.
- UNDP will provide constant monitoring of project implementation and will be in regular contact with national counterparts as well as other actors and partners working in the private sector development area in Ukraine including the initiatives funded by Switzerland.

V. RESULTS FRAMEWORK

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework: UNDAF thematic pillar 1 “Sustainable economic Growth, Environment and Employment” Outcome 1.1. By 2022, all women and men, especially young people, equally benefit from an enabling environment that includes labour market, access to decent jobs and economic opportunities.

Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:

CPD 2018-2022 Output 2.2. Public institutions and private entities effectively cooperate to improve the business environment.

Indicator 2.2.1: Share of members of UNDP-supported business membership organizations satisfied with the business environment Baseline (2016): pending baseline survey (October 2017) Target (2022): pending baseline survey

Indicator 2.2.2: Number of businesses that benefit from scaled-up advisory support Baseline (2016): 0 Target (2022): 30 (total); 10 (women-led)

Applicable Output(s) from the UNDP Strategic Plan: OUTCOME: 1 Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded; Output 1.1. National and subnational systems and institutions enabled to achieve structural transformation of productive capacities that are sustainable and employment - and livelihoods- intensive

Project title and Atlas Project Number:

Strengthening MSME Business Membership Organizations in Ukraine (Phase II). Project/Award ID: 00110134, Output/Project ID: 00109217

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3	Year 4	FINAL	
Output 1 Partner BMOs strengthened governance and organizational capacity to better represent the interests of	<i>1.1 Number of BMOs (and specifically women-led BMOs) with improved governance, management and optimized internal processes that are able to maintain and further improve effective organizational structure and processes</i>	BMOs reports, Capacity assessment reports	0	2019	9	9	12	15 (2)	15 (2);	Collection and analysis of evidence Independent mixed-methods research (interviews, observations, questionnaires)

MSMEs	1.2 <i>Change in income growth from membership fees in targeted BMOs, including 2 organizations representing women-led enterprises</i>	BMOs reports, capacity assessment, survey, questionnaires, evaluation sheets, interviews BMO reports to project team and internal documentation	TBD	2019	10%	10%	15%	25%	25%	Desk review
	1.3 <i>Number of hubs/platforms established for BMO cooperation and partnership</i>	Hubs activities reports	0	2019	2	2	4	4	4	Monitoring visits, questionnaires, interviews
Output 2 MSMEs have better access to Business Development Services through BMOs	2.1 <i>Number of BMOs that implement at least 2 new BDS on cost-recovery basis (number of partner BMOs/number of services)</i>	BMOs reports and capacity assessment report	0	2019	4/1	10/1	12/2	15/2	15/2	Collection and analysis of evidence Independent mixed-methods research (interviews, observations, questionnaires)
	2.2 <i>Share of members of the partner BMOs that benefit from Group Purchasing Organizations established or facilitated by BMOs</i>	BMOs reports, capacity assessment,	TBD	2019	2%	2%	8%	10%	10%	Independent mixed-methods research (interviews, observations, questionnaires)
Output 3 Private sector and governmental side engaged in effective public-private dialogue	3.1 <i>Number of laws and sub-laws, consulted with BMOs, that have been submitted to respective authorities for adoption (number of laws/sublaws)</i>	Written analysis (project reports), publications in media, social networks, on official web-resources of the national and regional authorities	0	2019	0/2	0/5	1/7	3/10	3/10	Collection and analysis of evidence
	3.2 <i>Number of BMOs with improved capacities in partnership building, that create networks and coalitions with other relevant organizations</i>	Written analysis (project reports, ad-hoc reports), capacity assessment reports	0	2019	5	10	15	15	15	Collection and analysis of evidence Independent mixed-methods research (interviews, observations, questionnaires)
	3.3 <i>Number of municipalities or communities that establish dialogue platforms to improve local regulations</i>	Written analysis (project reports, ad-hoc reports), publications	0	2019	1	3	4	5	5	Collection and analysis of evidence Interviews with the municipalities

	3.4 Number of target BMOs and other external BMOs that establish effective partnerships to advocate for independent professional certification (number of partner BMOs / other external BMOs)	BMOs reports, capacity assessment report	0	2019	4/4	4/6	8/6	10/10	10/10	Collection and analysis of evidence Independent mixed-methods research (interviews, observations, questionnaires)
	3.5 Number of BMOs that lead the process of developing industry-based services and goods quality standards	BMOs reports, written analysis (project reports, ad-hoc reports), capacity assessment reports	0	2019	4	6	8	10	10	Collection and analysis of evidence Independent mixed-methods research (interviews, observations, questionnaires)

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.		
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		
Bi-annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Bi-annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)			
Project Review (Project Board)	The project's governance mechanism will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.		

Evaluation Plan

Mid-term and Final Evaluation	Per UNDP's Evaluation Guidelines, the Project is a subject to at least one evaluation. Mid-term evaluation will be carried out to trace project progress and define whether the project is on track to achieve the objectives. Decentralized final evaluation will be carried out within 3 months to project's closure to capture the project's performance against the updated OECD-DAC evaluation criteria (Relevance, Coherence, Effectiveness, Efficiency, Impact, Sustainability) in line with UNDP Evaluation Guidelines. The evaluation findings, along with the recommendations and lessons learnt will be widely shared with the Project's Network and will inform future private sector development project of UNDP and other development partners	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	50,000	
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VII. MULTI-YEAR WORK PLAN ¹⁵¹⁶

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount
Output 1: Improved organisational	1.1 Provide follow-up support to BMOs engaged under Project Phase I	15,175.78	51,011.58	56,111.19	25,785.27	UNDP, Ministry of Economic Development, Trade	SECO	71200 International Consultants	20,000.00
	1.2 Deliver in-depth research	19,225.35	0.00	0.00	38,685.27			71300 Local Consultants	105,000.00
								71400 Contractual Services Individuals/ National Coordinator 1	180,455.24

¹⁵ Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

¹⁶ Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

capacity of BMOs GEN 2	on BMO sector					and Agriculture of Ukraine, partner BMOs		71600 Travel	20,000.00
								72100 Contractual Service-Companies	139,758.93
								72400 Communic&Audio Visual Equip	2,000.00
								72800 Inf.Technology Equipmt	4,000.00
								74200 Audio Visual&Print Prod Costs	11,000.00
								75700 Training, Workshop &Conference	59,852.45
								74300 Contrib.To CO Common Security 1%	5,690.66
								74500 Miscellaneous Expenses (DPC) 3%	17,242.72
	1.3 Select partner BMOs	26,275.78	0.00	0.00	33,685.27				
	1.4 Implement BMO capacity development programme	23,675.78	121,934.47	127,120.42	53,313.88			UNDP	75700 Training, Workshop &Conference
Sub-Total for Output 1	84,352.68	172,946.04	183,231.61	151,469.67				592,000.00	
Output 2: Better MSMEs' access to Business Development Services through BMOs GEN 2	2.1 Conduct BDS market assessment	40,025.32	0.00	0.00	43,960.45	UNDP, Ministry of Economic Development, Trade and Agriculture of Ukraine, partner BMOs	SECO	71200 International Consultants	10,000.00
	2.2 Support development and rollout of general BDS	28,903.49	64,877.62	69,037.62	54,937.19			71300 Local Consultants	125,000.00
								71400 Contractual Services Individuals National Coordinator 2	180,455.24
								71600 Travel	20,000.00
								72100 Contractual Service-Companies	89,727.03
								72400 Communic & Audio Visual Equip	2,000.00
								72600 Grants	150,000.00
								72800 Information Technology Equipmt	4,000.00
								74200 Audio Visual&Print Prod Costs	10,000.00
								75700 Training, Workshop &Conference	61,429.38
							74300 Contrib.To CO Common Security 1%	6,796.12	
							74500 Miscellaneous Expenses (DPC) 3%	20,582.23	
2.3 Facilitate MSMEs' access to BDS through small grants scheme to BMOs	0.00	66,708.81	66,708.81	62,531.61					
2.4 Promoting sustainable practices among MSMEs	20,456.66	64,877.62	69,037.62	54,937.19		UNDP	75700 Training, Workshop &Conference	27,000.00	

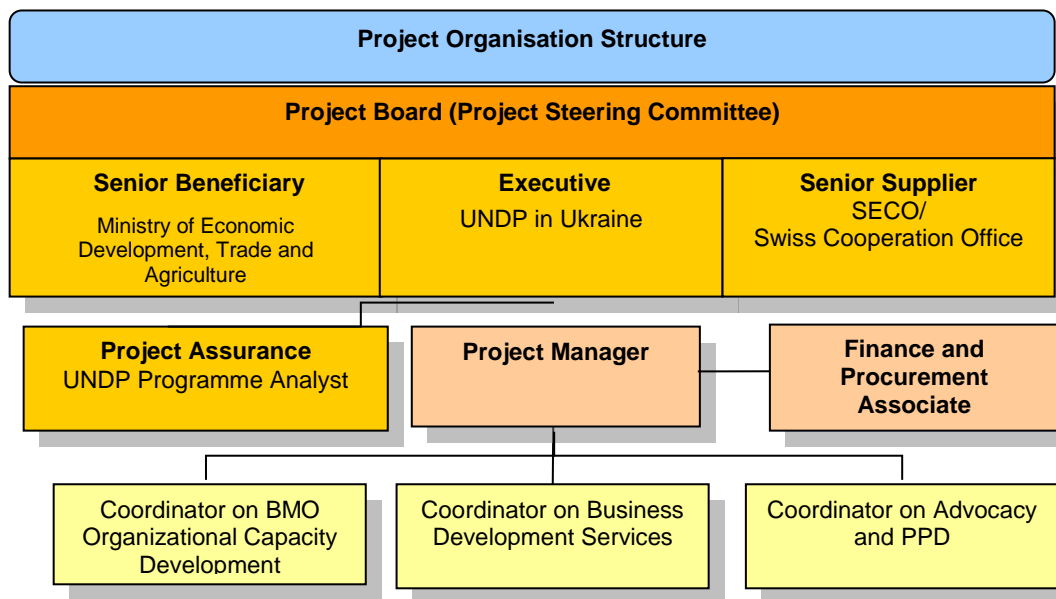
	Sub-Total for Output 2	89,385.47	196,464.04	204,784.05	216,366.44				707,000.00
Output 3: Private sector and governmental side engaged in effective public-private dialogue <i>GEN 2</i>	3.1 Improve general advocacy strategy of BMOs	17,406.96	47,795.94	47,795.94	38,751.16	UNDP, Ministry of Economic Development, Trade and Agriculture of Ukraine, partner BMOs	SECO	71200 International Consultants	30,000.00
	3.2 Support partnerships for advocacy and dialogue	17,406.96	40,295.94	40,295.94	38,751.16			71300 Local Consultants	130,000.00
	3.3 Strengthen BMO capacity to develop industry standards	17,406.96	40,295.94	40,295.94	38,751.16			71400 Contractual Services Individuals National Coordinator 3	180,455.24
								71600 Travel	19,500.00
								72100 Contractual Service-Companies	100,763.09
								72400 Communic & Audio Visual Equip	2,000.00
								72800 Information Technology Equipmt	4,000.00
								74200 Audio Visual&Print Prod Costs	4,000.00
								75700 Training,Workshop &Conference	56,929.38
	74300 Contrib.To CO Common Security 1%	5,546.47							
74500 Miscellaneous Expenses (DPC) 3%	16,805.82								
3.4 Promoting public-private dialogue (PPD) at local and national level	17,406.96	47,795.94	47,795.94	38,751.16	UNDP	75700 Training, Workshop &Conference	27,000.00		
Sub-Total for Output 3	69,627.85	176,183.76	176,183.76	155,004.63				577,000.00	
Project Management and Evaluation	Project Management	99,283.62	129,791.44	130,291.44	129,448.31	UNDP	SECO	71200 International Consultants	41,000.00
								71400 Contractual Services Individuals Project Manager & Project Associate	393,431.40
								71600 Travel	7,000.00
								72200 Equipment and Furniture	800.00
								72400 Communic & Audio Visual Equip	800.00
								72500 Supplies	2,000.00
								72800 Information Technology Equipmt	5,000.00
								73100 Rent & maintenance	65,741.38
								74200 Audio Visual&Print Prod Costs	1,000.00

								74500 (Other)	Miscellaneous Expenses	3,042.04
	Monitoring and Evaluation		25,000.00		25,000.00		UNDP	73100	Rent & maintenance	19,000.00
	Sub-Total for PM & Evaluation	99,283.62	154,791.44	130,291.44	154,448.31					538,814.82
General Management Support	GMS (8%)	25,459.98	53,654.82	53,183.27	52,887.12	UNDP	SECO	75100	F&A (GMS 8%)	185,185.19
TOTAL										2,600,000.00

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

This project will be implemented by UNDP in Ukraine under the **Direct Implementation Modality (DIM)**. Project implementation will be governed by provisions of the Project Document, its annexes, UNDP Programme & Operations Policy & Procedures (POPP). The Ministry of Economic Development, Trade and Agriculture of Ukraine will be the Project's Implementing Partner. As part of the management arrangement to ensure the implementation of the Project, a Project Board will be established to oversee the project performance (the role and responsibility of the Project Board are standard as per UNDP POPP, whereas composition, the frequency of the board meetings and other relevant aspects are described will be addressed during the project's inception stage). Governance of the Project will be supported through annual work planning on the basis of the results framework. Annual work plans will be implemented upon their endorsement by the Project Board.

The Project Organization Structure is shown in the diagram below.



Project Implementation Unit

The core Project team will consist of the Project Manager and Finance and Procurement Associate.

The **Project Manager** has the authority to run the Project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Project Board. The Project Manager is responsible for day-to-day management and decision-making for the Project. The Project Manager's prime responsibility is to ensure that the Project produces the results specified in the Project document, to the required standard of quality and within the specified constraints of time and cost.

The Project Manager will be supported by the **Finance and Procurement Associate** providing financial, procurement and administrative assistance for timely and quality implementation of the project activities and delivery of intended results.

Due to the nature of project activities, the Project Implementation Unit will also include **3 National Coordinators** responsible for management, coordination and facilitation of respective groups of activities combined under 3 project's outputs, as well as serve as experts providing direct development services to project beneficiaries and recipients. All three positions will directly report to the Project Manager.

IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Ukraine and UNDP, signed on 18 June 1993. All references in the SBBA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

This project will be implemented by UNDP (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS).
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/ag_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse (“SEA”) and sexual harassment (“SH”) allegations in accordance with its regulations, rules, policies and procedures.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
 - a. Consistent with the Article III of the SBBA, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP’s property in such responsible party’s, subcontractor’s and sub-recipient’s custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - ii. assume all risks and liabilities related to such responsible party’s, subcontractor’s and sub-recipient’s security, and the full implementation of the security plan.

- b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
- c. In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.
- d. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
- e. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
- f. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
- g. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.
- h. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.
- i. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- j. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that

the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

- k. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled “Risk Management” are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled “Risk Management Standard Clauses” are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

XI. ANNEXES

- 1. Project Quality Assurance Report**
- 2. Social and Environmental Screening Template**, including additional Social and Environmental Assessments or Management Plans as relevant.
- 3. Risk Analysis**
- 4. Project Board Terms of Reference**
- 5. TORs of Key Project Personnel**
- 6. Log Frame**

Annex 3. Risk management

#	Primary & Secondary Category	Event (Description of the risk)	Causes	Impacts (I); Likelihood (L)	Risk valid from Risk valid to	Risk Owner	Activities for treatment (countermeasures) and time plan	Expected effect from treatment	Status and Comments
1	<i>Political/ Strategic</i>	Political instability	<p>Presidential and Parliamentary elections, which took place in 2019, caused significant changes in Government's leadership</p> <p>Local elections to take place in 2020</p>	<p>The elections have triggered re-distribution of functions between the ministries (such as merger of the Ministry of Economic Development and Trade and Ministry of Agriculture), as well as high human resources turnover in the Government and public administration.. Moreover, general local elections scheduled to take place around the country in 2020 may lead to temporary constraints in the project implementation at the local level.</p> <p>Changes in the Government may further trigger changes in policies related to MSMEs and economic development as a whole (please see Risk 2).</p>	2019 – 2020	<i>Project Manager</i>	<p>The Project will closely monitor political dynamics and engage early with the officials to ensure uninterrupted implementation. The Project will make sure to align activities with the national priorities regarding the business enabling environment and MSME promotion, as well as advocate for inclusion of project targets and measure in national development plans.</p> <p>Political changes, present an opportunity to raise the importance of the MSME development on government's agenda. BMOs may play noticeable role in that. The Project will support advocacy activities to facilitate the process.</p> <p>In parallel, the Project will focus strongly on BMOs' organisational development and BDS (Outputs 1-2) whereas Output 3 will be implemented taking into account external factors such as readiness of the</p>	<p><i>The Project operates smoothly ensuring that capacity development services to BMOs are provided and MSMEs benefit from BMO operation; BMOs leverage opportunities to strengthen MSME agenda of the incumbent Government and public administration.</i></p>	NA

				I = 4 L = 4			government counterparts to engage in PPD.		
2	<i>Political/ Strategic</i>	A change in the country's MSME sector development path	Changes of Government policy and strategic priorities leading to de-prioritization of MSME development	Improvement of business environment and deregulation may slow down or stall; new regulations or tax provisions may be imposed hindering MSME growth. I = 3 L = 3	<i>2019-2020</i>	Project Manager	The Project will support BMO advocacy activities to keep MSMEs on the policy agenda and as a strategic priority for country's economic development. At local level, the project will leverage the process of decentralization and will work to capacitate local authorities to enable MSME growth through better local regulations, as well as empower BMOs to deliver services to facilitate MSME growth.	<i>The incumbent national government and local authorities continue to prioritize MSME development</i>	NA
3	<i>Strategic/ Organisational</i>	Low motivation of BMOs to develop their membership base as well as their service portfolio. Low motivation of BMOs to engage in advocacy and dialogue	Lack of strategic vision for organizational development; Low motivation of SMEs to become members of BMOs Low motivation to engage in advocacy and dialogue may be linked to BMOs' reluctance to provide non-excludable services, i.e. those that benefit the whole community and no-members but	Limited effects of the project for MSME community (as the ultimate recipients). I = 3 L = 2	<i>Throughout the project life</i>	Project Manager	At the project start and throughout its duration, the Project will prepare a carefully designed information and motivational events for BMOs, ensuring that these organizations fully understand their development perspectives and their role towards MSMEs. The Project will offer services to develop/improve financial sustainability of the BMOs to enable them to render advocacy and contribute to PPD including leveraging collective power of joint actions. Partner BMOs may be replaced in the course of		NA

			are only paid by members of specific BMOs. Inefficient advocacy process and PPD also decreases motivation of BMOs and BMO members.				project implementation if no positive changes are observed following the capacity development services provided by the Project. The Project will closely work with MSMEs, providing necessary information, showing successful experiences of other regions or countries, to ensure that these enterprises understand the membership benefits and importance to collective advocacy.		
4	Strategic	Challenging macroeconomic situation in Ukraine	MSMEs are highly dependent on domestic market. Therefore, their performance depends heavily on macroeconomic situation.	Unfavorable economic conditions may diminish the impact of the project (MSME growth and # of jobs) I = 5 L = 4	<i>Throughout the project life</i>		UNDP closely cooperate with the national authorities of Ukraine to monitor the economic situation. The project implements activities aimed at improving Public-Private Dialogue for better business climate and expanding BMO's capacity to provide quality Business Development Services on demand-driven basis, which may have significant impact on improvement of SME performance, including SME internationalization.	MSMEs	NA
5	Financial/Regulatory	Changes in government policies/approach to VAT (or other taxes) within the development projects implemented by	Throughout 2016-2018 the State Fiscal Service rejected the VAT reimbursement to UN as well as series of other donors due to	The project may incur additional expenses when procuring services/goods (costs will include full VAT) I=4	<i>Throughout the project life</i>	<i>UNDP CO Operations</i>	Hold continuous consultations with responsible authorities. Negotiate vendor contracts with 'zero VAT' clause	Project is implemented smoothly in a cost-effective manner	NA

		UNDP	changes in interpretation of provisions governing the VAT reimbursement	L=3					
6	Strategic/Operational	Security situation and escalation of conflict	The on-going conflict in Ukraine	The conflict affects business development in conflict-affected areas as well as overall economic situation; Deteriorated security may have effect on existing and potential partner organisations from the conflict-affected area (such as Donetsk Chamber of Commerce located in Donbas Government-controlled area. Any deterioration of security situation may impede the operation of BMO as well as any project activities. I=5 L=3	<i>Throughout the project life</i>	<i>UNDP CO Senior Management</i> <i>UNDSS</i> <i>Project Manager</i>	Closely monitor security situation; Coordinate with the UN Recovery and Peacebuilding Programme to deliver necessary project activities; Provide tailored assistance if the operation of the BMOs is disrupted (i.e. advice on strategy changes, organisational changes, modalities of service delivery etc)	Project is implemented smoothly in a safe environment;	NA
7	Institutional/Safety	Change of working modality	Quarantine restrictions and emergency situation introduced by the Government of Ukraine country wide in response to COVID -19	The COVID-19 pandemic affects the Project's target groups as well as MSMEs sector at large in Ukraine; Second wave of COVID-19 during	<i>May-December 2020</i>	<i>UNDP CO Senior Management</i> <i>UNDSS</i> <i>Project</i>	The Project will closely monitor the situation in coordination with the national partners and the UN system. The Project will apply remote working modality and assess its technical capacity to	Safety of the Project's staff and beneficiaries is ensured; The Project's activities are implemented.	UNDP CO team continues remotely its business operations since March 2020;

			<p>outbreak through March-May 2020</p> <p>autumn-winter 2020 may have effect on the Project's beneficiaries and the Project team.</p> <p>Future restrictions imposed by the Government will affect the Project's pace and activities.</p> <p>I=5 P=4</p>		<p><i>Manager</i></p> <p>ensure staff' safety and business continuity of the Project's activities;</p> <p>The Project will apply online format to the Project's activities which will not require physical presence while suspend all the activities requiring physical presence, traveling and events, which will involve big number of participants.</p>		<p>Health status and safety of its staff is ensured, and the staff is protected; PPEs delivered to all UNDP personnel country-wide. The quarantine restrictions imposed on 25 March are extended till 22 May, the Project's exit strategy will be aligned with the Governmental decisions and recommendations.</p>
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Annex 4. Project Board Terms of Reference

Background

Strengthening MSME Business Membership Organizations project Phase II (hereinafter - Project) is designed to accelerate the development of the SME sector in Ukraine by strengthening the capacities of the BMOs, thus allowing for more effective operations and the sustainability of these organisations in the medium to long term.

The Project is being implemented over four years (2019 – 2023) by the United Nations Development Programme in Ukraine (hereinafter – UNDP) in cooperation with the Ministry of Economic Development, Trade and Agriculture of Ukraine (hereinafter – MEDTA) with financial support of the State Secretariat for Economic Affairs of Switzerland (hereinafter – SECO).

The Project is to design and deliver the tailored capacity development programmes to selected BMOs representing different macro-regions and sectors of Ukraine. BMOs are one of the most important institutions to improve public private dialogue, as they channel and represent the interests of the private sector. Through the institutional strengthening of BMOs the Project will contribute to a more active, responsive, professional and policy-oriented dialogue between public and private sectors as well as improvement of Business Development Services for MSMEs.

As part of the management arrangement to ensure the implementation of the Project, a **Project Board** is established to oversee the project performance. This document provides the role and responsibility of the Project Board, its composition, the frequency of the board meetings required as well as other relevant aspects.

Overall responsibilities of the Board

The Project Board is the group responsible for making by consensus management decisions for a project when guidance is required by the Project Manager, including recommendations for approval of project plans and revisions. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance to standards¹⁷ that shall ensure best value to money, fairness, integrity transparency and effective international competition. In case a consensus cannot be reached, final decision shall rest with SECO, as the funding authority.

Project reviews by this group are made at designated decision points during the running of the project, or as necessary when raised by the Project Manager. This group is consulted by the Project Manager for decisions when project tolerances (i.e. constraints normally in terms of time and budget) have been exceeded. Specific responsibilities of the Project Board are:

- Provide overall guidance and direction to the Project, ensuring it remains within any specified constraints outlined by the Project Document and the Cost-sharing Agreement;
- Provide space for consultation with beneficiary;
- Address project issues as raised by the Project Manager;
- Provide guidance on project risks and agree on possible countermeasures and management actions to address specific risks;
- Conduct regular meetings to review the project progress and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- Appraise the project annual review report, make recommendations for the next annual work plan;
- Provide ad-hoc direction and advice for exceptional situations at request of the Project Manager;

¹⁷ UNDP Financial Rules and Regulations: Chapter E, Regulation 16.05: a) The administration by executing entities or, under the harmonized operational modalities, implementing partners, of resources obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. b) Where the financial governance of an executing entity or, under the harmonized operational modalities, implementing partner, does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, that of UNDP shall apply.

- Assess and decide to proceed on project changes through appropriate revisions;
- For the closure of the project assure that all Project deliverables have been produced satisfactorily;
- Review and approve the Final Project Review Report, including lessons learned.

Closing a project

- Assure that all Project deliverables have been produced satisfactorily and notify operational completion of the project;
- Review and approve the Final Project Report, including Lessons learned;
- Make recommendations for follow-on actions;

Composition of the Project Board

The Project Board shall consist of:

- a. Permanent Members: representatives of UNDP, Embassy of Switzerland in Ukraine, representing SECO, Ministry of Economic Development, Trade and Agriculture of Ukraine, and SME Development Office.
- b. Visiting Members: representatives of Business Membership Organizations which may be invited to Project Board meetings as observers. The selected BMOs may identify 1 representative to participate in the Project Board meetings on behalf of the group of BMOs or the Project Board may invite the representative of selected BMOs at its discretion.

Potential members of the Project Board are reviewed and recommended for approval during the Local Programme Advisory Committee (LPAC) meeting.

In line with the rules, regulations, policies and procedures of UNDP the Members of the Project Board shall perform the following roles:

- **Executive** representing the project ownership to chair the group. For this project, the UNDP, as Project implementing agency, will assume the role of Project Board Executive.
- **Senior Supplier** role to provide guidance regarding the technical feasibility of the project. This role will be assumed jointly by Embassy of Switzerland, representing SECO as funding agency.
- **Senior Beneficiary** role to ensure the realization of project benefits from the perspective of project beneficiaries. This role will be fulfilled by the Ministry of Economic Development, Trade and Agriculture of Ukraine and representatives from MSME community or Business Membership Organizations (invited optionally, upon decision of permanent Project Board members).

Other stakeholders

To consult on strategic issues of the Project activities, outputs and impacts, and to ensure that best available international and national expertise is given due consideration in the implementation of the project, the Project Board may decide to invite to its meetings other stakeholders from among the organisations and institutions active in the area of Project's intervention.

Other stakeholders may act as resource persons to provide information relevant for Project implementation. They may also contribute to identifying issues to be discussed during the Project Board meetings. The list of the additional stakeholders for each meeting is composed and discussed with the Project Board members based upon the agenda and discussion topics determined.

Quorum and decision-making

The Quorum requires mandatory representation from UNDP, including Project Manager, SECO/SCO and MEDTA. The decisions shall be taken on a consensus basis by the group consisting of UNDP, SCO/SECO and MEDTA representatives.

Project Assurance is the responsibility of each Project Board member, but the role can be delegated. The Project Assurance role supports the Project Board by carrying out objective and

independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. A UNDP Programme Manager holds the Project Assurance role for the UNDP Board member.

Project implementation will be governed by the provisions of the present document and UNDP Operations Manual.

Members' Rights

Each Member of the Project Board has the right to include any item related to implementation of the Project into the meeting agenda. The Project Team shall consult with the Project Board Members when designing the agenda for every upcoming meeting.

Frequency of Meetings

The Project Board shall meet at least once a year to discuss the Project developments and other items as determined by the meeting agenda that shall be agreed upon ahead of meeting. The location and time of meetings shall be agreed in advance with the Project Board Members. On request by any Member, special meetings can be organized.

Members of the Board may participate in a meeting of the Board by means of a teleconference or similar communications equipment by means of which all persons participating in the meeting can communicate, and participation in a meeting by such means shall constitute presence in person at the meeting.

Documentation

- UNDP shall prepare any documentation relevant to a Board meeting, including an agenda, project annual review report and the next annual work plan and ensure that it is circulated to Board members at least 14 days prior to a meeting (in exceptional circumstances, this may be reduced to 7 days)

Record keeping

- UNDP shall act as chair and minute keeper of the Board meetings.

Minutes shall be taken and shall be circulated for approval of the Board Members no later than 1 week after the meeting.

Annex 5. TORs of key management positions

Project Manager

FUNCTIONS / KEY RESULTS EXPECTED
<p>Under the direct supervision of the Programme Specialist (Team Leader), Inclusive Development and Recovery and Peace Building and in close cooperation with other programmes in UNDP, the incumbent will perform the following key activities:</p> <p><u>Component 1: Improved organizational capacity and governance of BMOs</u></p> <p>Key activities:</p> <ul style="list-style-type: none"> • Deliver in-depth research on BMO sector; • Develop and manage the transparent and competitive selection process for BMOs that includes selection criteria on geography, sector, current organizational capacity, synergies with other SECO funded projects, as well as BMOs motivation and expectations; • Develop and implement BMOs capacity development programme. <p>Expected results:</p> <ul style="list-style-type: none"> • At least 15 out of 20 partner BMOs improved governance, , including 2 organizations representing women's entrepreneurship, organizational structure and processes in a sustainable manner (index of organizational capacity); • Incomes from membership fees in selected BMOs, increased on average by at least 25%; at least 4 hubs/platforms established for BMO cooperation. <p><u>Component 2: Improved access to and utilization of business development services (BDS) by SMEs</u></p> <p>Key activities:</p> <ul style="list-style-type: none"> • Conduct a BDS market assessment o identify the unaddressed needs of SMEs to bridge the 'market gaps' in the provision of Business Development Services to SMEs; • Support the development and rollout of BDS and maximize the potential of selected BMOs as providers of BDS; • Facilitate SMEs' take-up of BDS through a small grants scheme to BMOs. <p>Expected results:</p> <ul style="list-style-type: none"> • At least 15 BMOs implement 2 new BDS on cost-recovery basis each; at least 10% of the partner BMOs' members benefit from Group Purchasing Organizations established or facilitated by BMOs. <p><u>Component 3: Effective public-private dialogue</u></p> <p>Key activities:</p> <ul style="list-style-type: none"> • Build capacity in advocacy strategy and communication of BMOs focusing on leveraging networks and build coalitions; • Strengthen cooperation between BMOs and market stakeholders - Support the creation of BMO networks/coalitions and facilitate their cooperation; • Strengthen BMOs capacity to develop industry standards, including sustainability standards and environmental practices; • Promoting public-private dialogue (PPD) at local and national level. <p>Expected results:</p> <ul style="list-style-type: none"> • At least 3 laws and 10 sub-laws, consulted with BMOs, have been submitted to respective authorities for adoption; • 15 out of 20 trained/coached BMOs established partnerships linkages and created networks/coalitions with other relevant organizations; • At least 5 municipalities establish dialogue platforms to improve local regulations. <p><u>Managerial functions:</u></p> <ul style="list-style-type: none"> • Develop project documents, work plans and other related documents for implementation and monitoring and evaluation; • Ensure overall implementation of the project and delivery of results in accordance with the project documents, work plans and joint agreements between the donor and UNDP; • Coordinate and supervise the work of project teams, experts and consultants, including the preparation of the terms of reference, facilitation of recruitment and monitoring of work/results; • Ensure proper management of the project budgets; ensure that funds are available when needed and disbursements achieved as per the work plans and agreements;

- Ensure and contribute to preparation and implementation of the communications strategy and plan. Ensure visibility of the donors and the UNDP in the subject area;
- Coordinate among stakeholders as well as among various structures of governmental institutions on behalf of UNDP in the subject area;
- Maintain close liaison with national project partners, ensuring optimum participation and promoting ownership of national authorities in the implementation of the project;
- Work closely with communications team on the design and implementation of knowledge management plans, including preparation of project-related publications, capturing and analysis of best practices and lessons learnt, substantive contribution to project public events and other PR and KM products and activities;
- Represent the project during the public events, PR and media activities, ensure the proper communication of project results through UNDP communication channels;
- Ensure compliance of project-business processes with UNDP Project Operational Policies and Procedures and UNDP Standard Operating Procedures;
- Facilitate in collection, analysis and interpretation of data;
- Ensure documentation of lessons learned from the project activities;
- Facilitate monitoring and evaluation of portfolio activities, as well as audit activities;
- Ensure that the Atlas Project Management module is updated on a regular basis;
- To support the UNDP on strategic external and internal communication;
- Carry out other tasks as required by supervisor.

MEASURABLE OUTPUTS OF THE WORK ASSIGNMENT:

- BMOs improved governance, including BMOs representing women's entrepreneurship, organizational structure and processes in a sustainable manner (index of organizational capacity);
- Increased incomes from membership fees in selected BMOs on average by at least 25%;
- Hubs/platforms established for BMO cooperation;
- BMOs implemented new business development services on cost-recovery basis each;
- BMOs' members benefit from Group Purchasing Organizations established or facilitated by BMOs;
- Laws and sub-laws, consulted with BMOs, submitted to respective authorities for adoption
- BMOs established partnerships linkages and created networks/coalitions with other relevant organizations;
- Municipalities establish dialogue platforms to improve local regulations;
- BMOs establish cooperation to advocate for independent professional certification;
- BMOs lead the process of developing industry-based services and goods quality standards, including sustainability standards and green practices.

PERFORMANCE INDICATORS FOR EVALUATION OF RESULTS:

- Project annual work plans are fully and timely implemented;
- Project funds delivery reached 100% in accordance with Annual Spending Limit (ASL) requests;
- Project's operational requirements are carried out in strict accordance with UNDP rules and procedures;
- The share of the added value (by cost of production) of SMEs increased by 3 % of total added value;
- Number of jobs created in enterprises with BMO membership grew by 3%;
- Organizational capacity of partner BMOs improved by 30% [*as per index of organizational capacity*];
- Aggregate membership of partner BMOs, increased at least by 20% average, including 2 organizations representing women entrepreneurs;
- Share of women entrepreneurs-members among the members BMOs increased by 20%;
- Share of SMEs acquiring BDS from selected BMOs increased by 50%;
- Level of SMEs' satisfaction of BDS provided/facilitated by partner BMOs increased by 50%;
- Share of women among BDS customers of partner BMOs grew by 20%;
- At least 6 industry-based standards have been developed by BMOs on the principles of self-regulation and have been implemented by industry-based SMEs;
- Share of members of BMOs satisfied with the quality of Public-Private-Dialogue grew by 30%;
- At least 15 out of 20 partner BMOs, including 2 organizations representing women's entrepreneurship, improved governance, management and optimized internal processes and are able to maintain adequate organizational structure and processes;
- Incomes from membership fees in selected BMOs, including 2 organization representing women's entrepreneurs, increased on average by at least 25%;
- At least 4 hubs/platforms established for BMO cooperation;
- At least 15 BMOs implement 2 new BDS on cost-recovery basis each;
- At least 10% members of the partner BMOs benefit from Group Purchasing Organizations established

<p>or facilitated by BMOs;</p> <ul style="list-style-type: none"> • At least 3 laws and 10 sub-laws, consulted with BMOs, have been submitted to respective authorities for adoption; • At least 15 out of 20 trained/coached BMOs established partnerships linkages and created networks and coalitions with other relevant organizations; • At least 5 municipalities or communities establish dialogue platforms to improve local regulations; • At least 10 selected BMOs and 10 external BMOs establish cooperation to advocate for independent professional certification; • At least 10 selected BMOs lead the process of developing industry-based services and goods quality standards, including sustainability and environmental standards. 	
COMPETENCIES	
<p>Corporate Competencies:</p> <ul style="list-style-type: none"> • Communication; • Delivery; • Leadership; • People management; • Innovation; • Demonstrating/safeguarding ethics and integrity; • Promotes the vision, mission, and strategic goals of UNDP; • Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability. <p>Functional Competencies:</p> <ul style="list-style-type: none"> • Knowledge management and learning; • Development and operational effectiveness; • Result-based project development and management; • Conflict management; • Result orientation; • Teamwork; • Self –management and emotional intelligence; • Strong analytical, coordination and facilitation skills. <p>Other:</p> <ul style="list-style-type: none"> • Ability to implement project components for results, including the ability to translate strategic aims into achievable annual work plans; and prepare inputs to project/programme reports in a timely manner; • Ability to handle politically sensitive issues and establish partnership with government authorities and CSO's and within UNDP; • Sound judgment and maturity to foster a positive work environment. 	
Recruitment Qualifications	
Education:	<ul style="list-style-type: none"> • MA degree (or equivalent) in economics, law, political science, public policy, business or public administration, organizational change or relevant discipline is required.
Experience:	<ul style="list-style-type: none"> • Minimum 10 years of extensive experience in managing large and complex projects, working on MSME development, organizational capacity development, business process improvement; • Demonstrated knowledge of Ukraine's economic and business environment, policy and regulatory framework for economic and MSME development and growth; • Experience in the usage of computers and office software packages (MS Word, Excel, etc) and advanced knowledge of spreadsheet and database packages; • Experience in circular economy and sustainable business development will be an asset; • Familiarity with UNDP project management procedures and experience with ATLAS is an asset, PRINCE2 qualification will be an asset; • Experience with international agencies, multilateral development banks and donors is a major advantage.
Language Requirements:	<ul style="list-style-type: none"> • Fluency in English and Ukrainian, both spoken and written, is required.

Coordinator on BMO organizational development

FUNCTIONS / KEY RESULTS EXPECTED

Under the overall guidance and direct supervision of the Project Manager, the incumbent will perform the following functions for **efficient and effective implementation of project activities and delivery of project results, and specifically will be directly responsible for implementation of the Project's Output 1 "Organizational Development of BMOs"**:

1. Overall coordination of implementation of Output 1 of the Project:

- Ensure overall coordination of the capacity development support provided to the BMOs under the project activities, including management of the team of experts and stakeholders' engagement in these activities.
- Contribute to planning, prioritizing and sequencing of activities under the Output 1 in close coordination with the Project Team and under the guidance of the Project Manager.
- Ensure budget for the output's activities is efficiently and properly utilized.
- Prepare inputs to annual, quarterly, and detailed project implementation work plans, and other related documents for timely commencement and implementation of the project activities under Output 1 under the guidance of the Project Manager and in close consultation with other project team members and ensure the implementation of activities related to the Output.
- Coordinate and supervise technical inputs relating to Output activity design, development and implementation, including preparation of the terms of reference for assignments of the experts or service companies.
- Contribute to the selection processes of contractors and experts and regularly supervise and monitor the services/works provided by them as well as assess quality of contractors' outputs.
- Lead and coordinate a team of experts, consultants and contractors engaged in implementation of the project Output 1.
- Arrange proper monitoring of the Output 1 by regularly collecting, analyzing and synthesizing data related to Output activities to inform project performance indicators.
- Prepare sections of the project reports, including progress and annual reports, as well as ad-hoc technical reports related to the Project Output 1.
- Contribute to preparation and implementation of the project communications strategy and workplan.
- Document best practices and ensure facilitation of knowledge building and knowledge sharing in the area of responsibility.
- Build synergies with other outputs of the project and contribute to building synergies with other projects and programmes of UNDP.
- Ensure mainstreaming of gender equality considerations in the field of expertise, promotion of a safe and enabling environment free of any kind of discrimination and abusive behaviour, and gender-responsive communications based on corporate principles.
- Accelerate gender equality and women's empowerment within all implementations and promote UNDP's mandate as a gender-responsive organization with zero tolerance to any kind of discriminatory and abusive behaviour, including sexual harassment, sexual exploitation and abuse.
- Carry on other related activities as requested by the Project Manager.

2. Capacity development of Business Membership Organizations:

- Collect and analyze data on Business Membership Organizations in Ukraine including through mapping and in-depth research of the BMO sector, focusing on issues of organizations' representativeness and membership, service provision, involvement into the public-private dialogue and other.
- Coordinate selection of project partner BMOs, build and sustain strong partnerships with selected organizations according to project strategy and plans.
- Plan, coordinate and conduct baseline, final and ad hoc organizational capacity assessments of partner BMOs, identify capacity gaps, capacity needs and existing barriers/challenges as well as track the progress of BMO development during the project life span.
- Plan, coordinate and implement general and targeted capacity development programmes for the selected BMOs to ensure their organizational capacities are strengthened according to project targets.
- Coordinate design and delivery of individualized, tailored trainings to the selected BMOs to address specific organizational and capacity development needs.
- Provide hands-on mentoring, coaching and direct advisory services to partner BMOs on all aspects of organizational development related but not limited to strategy, governance, management, operational policies and sustainability.
- Contribute to design and implementation of activities under Output 2 on Business Development

Services as relates to revenues and financial sustainability of the BMOs.

- Establish and maintain partnerships and provide technical advisory support to the government at national, regional and local level on MSME and BMOs capacity development needs, engagement and development of MSME business support infrastructure.
- Participate in relevant working group meetings related to BMO development and engagement and share information with partners and other UNDP projects and programmes.
- Facilitate the establishment of linkages and networks between BMOs and (member) MSMEs, and between MSMEs and other relevant entities.
- Advocate for consolidation of MSME sector and promote further effective partnerships and collaboration within wider BMO community;
- Contribute to design and disseminate of knowledge and communication products on best practices in BMO organizational development and operation among wider number of stakeholders including other BMOs and MSMEs
- Provide the professional platform for networking and partnership building with the national and local authorities, non-government, private sector and international development organizations or projects.
- Ensure availability of up to date information on all critical issues in the subject area.

Measurable outputs of the work assignment:

- Project technical activities under the Output 1 are implemented in a timely fashion with an emphasis on measurable results and quality, and properly reported.
- Capacity development needs of the selected BMOs comprehensively assessed and addressed.
- Capacity building programme for BMOs designed and delivered as planned.
- Organizational capacities of the selected BMOs developed, governance and management improved.
- Results of the capacity development activities properly monitored, evaluated and reported; lessons learned records compiled.

Performance Indicators for evaluation of results:

- Annual work plan related to Output 1 is fully and timely implemented;
- Funds delivery assigned to project's Output 1 reached 100%;
- Project activities are carried out in strict accordance with UNDP rules and procedures;
- Number of BMOs that improved governance, organizational structure and processes in a sustainable manner (index of organizational capacity);
- Percentage of incomes increase on average from membership fees in selected BMOs;
- Number of hubs/platforms established for BMO cooperation.

COMPETENCIES

Corporate Competencies:

- Communication
- Delivery
- Innovation
- People Management
- Leadership
- Managing conflict
- Demonstrates integrity by modelling the UN's values and ethical standards
- Promotes the vision, mission, and strategic goals of UNDP
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability

Functional Competencies:

- Ability to manage project components for results, including the ability to translate strategic aims into achievable annual work plans
- Conflict Management
- Result orientation
- Client orientation
- Gender Mainstreaming
- Self –management and emotional intelligence.
- Sound judgment and maturity to foster a positive work environment
- Ability to work effectively as part of a team
- Training and coaching experience
- Demonstrated strong coordination and facilitation skills

Recruitment Qualifications

Education:	Master's degree (or equivalent) in Accounting and Finance, Business or Public Administration, Economics, International relations, Management, Social or
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	Political Sciences, Engineering, Construction or related field.
Experience:	<ul style="list-style-type: none"> • At least three (3) years of relevant working experience in the field of private sector development, project management/coordination, • Experience in preparation, management or coordination of projects or project components in the economic or private sector development field is an asset. • Experience related to BMOs development or management will be considered as an advantage. • Strong understanding of the project context, familiarity with national legislation on private sector development as well as key BMOs, their services and capacity needs. • Familiarity with UNDP rules and regulations will be considered as an advantage.
Language Requirements:	Fluency in Ukrainian, Russian and English is required.

Coordinator on Business Development Services for Micro- Small and Medium-sized Enterprises (MSMEs)

FUNCTIONS / KEY RESULTS EXPECTED
<p>Under the overall guidance and direct supervision of the Project Manager, the incumbent will perform the following functions for efficient and effective implementation of project activities and delivery of project results, and specifically will be directly responsible for implementation of the Project's Output 2: "Improved access to and utilization of Business Development Services by SMEs":</p> <p>1. Overall coordination of implementation of Output 2 of the Project:</p> <ul style="list-style-type: none"> • Contribute to planning, prioritizing and sequencing of activities under the Output 2 in close coordination with the Project Team and under the guidance of the Project Manager. • Ensure overall operational management of the Output 2 and delivery of results in accordance with the project document, work plans and other agreements. • Prepare inputs to annual, quarterly, and detailed project implementation work plans, and other related documents for timely commencement and implementation of the project activities under Output 2 under the guidance of the Project Manager and in close consultation with other project team members and ensure the implementation of activities related to the Output. • Ensure budget for the output's activities is efficiently and properly utilized. • Identify, report on and manage risks so that maximum benefit to clients and stakeholders is achieved; ensure up-to-date risk logs related to the Output 2. • Ensure overall coordination of the capacity building of BMOs in service provision to MSMEs, including management of the team of experts and stakeholders' engagement in these activities. • Coordinate and supervise technical inputs relating to Output activity design, development and implementation, including preparation of the terms of reference for assignments of the experts or service companies. • Contribute to the selection processes of contractors and experts and regularly supervise and monitor the services/works provided by them as well as assess quality of contractors' outputs. • Lead and coordinate a team of experts, consultants and contractors engaged in implementation of the project Output 2. • Arrange proper monitoring of the Output 2 by regularly collecting, analyzing and synthesizing data related to Output activities to inform project performance indicators. • Prepare sections of the project reports, including progress and annual reports, as well as ad-hoc technical reports related to the Project Output 2. • Contribute to preparation and implementation of the project communications strategy and workplan. Design, implement, monitor and evaluate evidence-based communication initiatives related to Output 2, including awareness-raising and educational campaigns among MSMEs on the importance and benefits of Business Development Services. • Ensure mainstreaming of gender equality considerations in the field of expertise, promotion of a safe and enabling environment free of any kind of discrimination and abusive behaviour, and gender-responsive communications based on corporate principles. • Accelerate gender equality and women's empowerment within all implementations and promote UNDP's mandate as a gender-responsive organization with zero tolerance to any kind of discriminatory and abusive behaviour, including sexual harassment, sexual exploitation and abuse. • Carry on other related activities as requested by the Project Manager. <p>2. Business Membership Organizations Capacity Development: BDS and service Innovation</p>

- Contribute to baseline, final and ad hoc assessment of partner BMOs' organizational capacity in the areas of BDS provision to MSMEs, identify capacity gaps, capacity needs and existing barriers/challenges as well as track the progress of BMO development in these areas during the project life span.
- Coordinate assessments and research on BDS market in Ukraine to identify the needs of MSMEs and inform the Government, BMOs and other stakeholders in bridging the market gaps in the provision of BDS to MSMEs.
- Assess the BDS provided by the selected BMOs and their capacity to come up with innovative business solutions aimed at increasing the competitiveness of MSMEs and efficiently deliver the demanded services.
- Plan, coordinate and implement general and targeted capacity development programmes for the selected BMOs to ensure that their capacities to provide BDS are strengthened according to project targets.
- Coordinate, design and deliver individualized, tailored trainings to the selected BMOs to address specific BDS capacity development needs.
- Provide hands-on mentoring, coaching and direct advisory services to partner BMOs on all aspects of BDS provision, including targeting, outreach, delivery and innovation in order to maximize the potential of selected BMOs as providers of market-driven services.
- Ensure MSMEs involvement in the process of creating new BMO services to facilitate user-driven innovation in services; work closely with UNDP Accelerator Lab to identify solutions, pilot test them and implement through BMOs and/or other BDS providers to increase access to and utilization of services by MSMEs.
- Monitor latest trends, tools and technologies in area of innovation for private sector development, access to markets and diverse financing instruments, competitiveness and entrepreneurship promotion in order to support partner BMOs with the development of new BDS and innovation-oriented environment for MSMEs.
- Support BMOs with designing BDS aimed at promoting sustainable practices, raising awareness among MSMEs on their social, environmental, and economic impact, strengthening entrepreneurs' ability to conform with the required social and environmental standards.
- Coordinate outreach and communication activities to increase awareness of the MSMEs as to the importance and benefits of BDS as well as disseminate information among MSMEs on service offer of BMOs and other BDS suppliers.
- Establish and maintain partnerships and provide technical advisory support to the government at national, regional and local level on developing business support infrastructure and engagement of BMOs as service providers.
- Identify and promote partnerships with business associations and/or enterprises ready to engage in promotion of sustainable development.
- Coordinate established partnerships with private sector and ensure implementation of agreed activities, monitoring and reporting.
- Document best practices and ensure facilitation of knowledge building and knowledge sharing in the area of responsibility.
- Contribute to design and dissemination of knowledge and communication products on best practices in BMO service innovation, innovation capacity development and related among wider number of stakeholders including other BMOs and MSMEs.
- Participate in relevant working group meetings related to BMO development and engagement and share information with partners and other UNDP projects and programmes.
- Provide a professional platform for networking and partnership building with the national and local authorities, non-government, private sector and international development organizations or projects.
- Build synergies with other outputs of the project and contribute to building synergies with other projects and programmes of UNDP.
- Ensure availability of up to date information on all critical issues in the subject area.

Measurable outputs of the work assignment:

- Project technical activities under the Output 2 are implemented in a timely fashion with an emphasis on measurable results and quality, and properly reported.
- Service innovation capacity needs of the selected BMOs comprehensively assessed and addressed.
- Opportunities for private sector engagement identified and actively pursued, partnerships developed and maintained.
- Results of the activities properly monitored, evaluated and reported; lessons learned records compiled.

Performance Indicators for evaluation of results:

- Annual work plan related to Output 2 is fully and timely implemented;

- Funds delivery assigned to project's Output 2 reached 100%;
- Project activities are carried out in strict accordance with UNDP rules and procedures;
- Number of BMOs that implement new BDS on cost-recovery basis;
- Percentage of the partner BMOs' members that benefit from Group Purchasing Organizations established or facilitated by BMOs.

COMPETENCIES

Corporate Competencies:

- Communication
- Delivery
- Innovation
- People Management
- Leadership
- Managing conflict
- Demonstrates integrity by modelling the UN's values and ethical standards
- Promotes the vision, mission, and strategic goals of UNDP
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability

Functional Competencies:

- Ability to manage project components for results, including the ability to translate strategic aims into achievable annual work plans
- Conflict Management
- Result orientation
- Client orientation
- Gender Mainstreaming
- Self –management and emotional intelligence.
- Sound judgment and maturity to foster a positive work environment
- Ability to work effectively as part of a team
- Training and coaching experience
- Demonstrated strong coordination and facilitation skills

VI. Recruitment Qualifications

Education:	Master's degree (or equivalent) in in Business or Public Administration, Economics, Marketing, Accounting and Finance, Management, Law, Social or Political Sciences or related field.
Experience:	<ul style="list-style-type: none"> • At least three (3) years of relevant progressively responsible experience in the field of private sector development and/or partnerships, project and/or project component support, MSME development, administration or coordination, management, business development, capacity development or similar. • Demonstrated practical experience coordinating qualitative and quantitative surveys, assessments, market studies or other research activities, preferably related to MSMEs, BMOs, BDS, business climate/needs or similar. • Experience working for projects in thematic areas of sustainable development and/or private sector development would be a strong asset. • Familiarity with the issues of social and environmental sustainability, CSR, innovations for development would be a strong asset. • Familiarity with the project context, private sector landscape and/or experience working with private sector is highly desirable and will be considered as an advantage. • Experience in the usage of computers and office software packages (MS Word, Excel, Outlook, etc.). • Knowledge of UNDP rules and regulations will be considered as an advantage.
Language Requirements:	Fluency in Ukrainian, Russian and English is required.

Coordinator on Advocacy and Public-Private Dialogue (PPD)

FUNCTIONS / KEY RESULTS EXPECTED

Under the overall guidance and direct supervision of the Project Manager, the incumbent will perform the following functions for **efficient and effective implementation of project activities and delivery of project results, and specifically will be directly responsible for implementation of the Project's Output 3 "Effective public-private dialogue"**:

1. Overall coordination of implementation of Output 3 of the Project:

- Ensure overall coordination of the capacity building in advocacy strategy of BMOs, including

management of the team of experts and stakeholders' engagement in these activities.

- Contribute to planning, prioritizing and sequencing of activities under the Output 3 in close coordination with the Project Team and under the guidance of the Project Manager.
- Ensure budget for the output's activities is efficiently and properly utilized.
- Prepare inputs to annual, quarterly, and detailed project implementation work plans, and other related documents for timely commencement and implementation of the project activities under Output 3 under the guidance of the Project Manager and in close consultation with other project team members and ensure the implementation of activities related to the Output.
- Coordinate and supervise technical inputs relating to Output activity design, development and implementation, including preparation of the terms of reference for assignments of the experts or service companies.
- Contribute to the selection processes of contractors and experts and regularly supervise and monitor the services/works provided by them as well as assess quality of contractors' outputs.
- Lead and coordinate a team of experts, consultants and contractors engaged in implementation of the project Output 3.
- Arrange proper monitoring of the Output 3 by regularly collecting, analyzing and synthesizing data related to Output activities to inform project performance indicators.
- Prepare sections of the project reports, including progress and annual reports, as well as ad-hoc technical reports related to the Project Output 3.
- Contribute to preparation and implementation of the project communications strategy and workplan.
- Document best practices and ensure facilitation of knowledge building and knowledge sharing in the area of responsibility.
- Build synergies with other outputs of the project and contribute to building synergies with other project and programmes of UNDP.
- Ensure mainstreaming of gender equality considerations in the field of expertise, promotion of a safe and enabling environment free of any kind of discrimination and abusive behaviour, and gender-responsive communications based on corporate principles.
- Accelerate gender equality and women's empowerment within all implementations and promote UNDP's mandate as a gender-responsive organization with zero tolerance to any kind of discriminatory and abusive behaviour, including sexual harassment, sexual exploitation and abuse.
- Carry on other related activities as requested by the Project Manager.

2. Capacity development of Business Membership Organizations and promotion of PPD:

- Contribute to baseline, final and ad hoc assessment of partner BMOs' organizational capacity in areas of advocacy and Public-Private Dialogue, identify capacity gaps, capacity needs and existing barriers/challenges as well as track the progress of BMO development in these areas during the project life span.
- Design, plan, coordinate and implement assessments of the capacity of national and local authorities in areas of public-private dialogue and participatory policymaking in area of MSMEs.
- Plan, coordinate and implement general and targeted capacity development programmes for the selected BMOs to ensure their advocacy, PPD and intermediary capacities are strengthened according to project targets.
- Coordinate design and delivery of individualized, tailored trainings to the selected BMOs to address specific advocacy, communications and intermediary capacity development needs.
- Provide hands-on mentoring, coaching and direct advisory services to partner BMOs on all aspects of capacity development in area of advocacy and PPD related but not limited to policy analysis and development of policy proposals for the Government, effective communication techniques, interaction with media, advocacy campaigning, facilitating dialogue and more.
- Facilitate creation of BMO networks/coalitions and facilitate their cooperation for effective advocacy and PPD with other stakeholders such as think tanks, research entities, academia and other Business Support Organizations. .
- Plan, coordinate and implement tailored capacity development activities for representatives of national and local authorities to strengthen participatory policymaking and improve regulatory environment for MSMEs.
- Provide mentoring, coaching and advisory support in the preparation of evidence-based proposals for improvement of the business environment and other activities promoting business enabling policies.
- Facilitate cooperation between BMOs and VET and higher educational institutions to strengthen engagement of the private sector into formulation of demand for skills and qualifications of the labour force.
- Strengthen BMOs capacity to develop voluntary industry standards, support the bottom-up debate on standards and self-regulation in MSME sector.
- Promote public-private dialogue (PPD) at local and national level, support both public

(MEDTA/SMEDO) and private sector in designing and running concrete public-private dialogue initiatives distributed across the sectors, issues and/or regions.

- Establish and maintain partnerships and provide technical advisory support to the government at national, regional and local level on Public-Private Dialogue and engagement of the MSME sector into participatory decision-making.
- Participate in relevant working group meetings related to BMO development and engagement and share information with partners and other UNDP projects and programmes.
- Advocate for consolidation of MSME sector and promote further effective partnerships and collaboration within wider BMO community.
- Contribute to design and dissemination of knowledge and communication products on best practices in BMO advocacy and intermediary capacity development, Public-Private Dialogue among wider number of stakeholders including other BMOs and MSMEs.
- Provide the professional platform for networking and partnership building with the national and local authorities, non-government, private sector and international development organizations or projects.
- Ensure availability of up to date information on all critical issues in the subject area.

Measurable outputs of the work assignment:

- Project technical activities under the Output 3 are implemented in a timely fashion with an emphasis on measurable results and quality, and properly reported.
- Capacity development needs of the selected BMOs comprehensively assessed and addressed.
- Capacity building programme for BMOs designed and delivered as planned.
- Strengthened advocacy and intermediary capacities of the selected BMOs.
- Results of the activities properly monitored, evaluated and reported; lessons learned records compiled.

Performance Indicators for evaluation of results:

- Annual work plan related to Output 3 is fully and timely implemented;
- Funds delivery assigned to project's Output 3 reached 100%;
- Project activities are carried out in strict accordance with UNDP rules and procedures;
- Number of laws and sub-laws, consulted with BMOs and submitted to respective authorities for adoption;
- Number of trained/coached BMOs that established partnerships linkages and created networks/coalitions with other relevant organizations;
- Number of municipalities that established dialogue platforms to improve local regulations.

COMPETENCIES

Corporate Competencies:

- Communication
- Delivery
- Innovation
- People Management
- Leadership
- Managing conflict
- Demonstrates integrity by modelling the UN's values and ethical standards
- Promotes the vision, mission, and strategic goals of UNDP
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability

Functional Competencies:

- Ability to manage project components for results, including the ability to translate strategic aims into achievable annual work plans
- Conflict Management
- Result orientation
- Client orientation
- Gender Mainstreaming
- Self –management and emotional intelligence.
- Sound judgment and maturity to foster a positive work environment
- Ability to work effectively as part of a team
- Training and coaching experience
- Demonstrated strong coordination and facilitation skills

VI. Recruitment Qualifications

Education:	Master's degree (or equivalent) in Social or Political Sciences, Business or Public Administration, Economics, Law, International relations, Management, or related field.
Experience:	<ul style="list-style-type: none"> • At least three (3) years of relevant working experience in the field of private sector development, government relations, management, BMO/CSO capacity development, advocacy or lobbying, public policy analysis or public policy.

	<ul style="list-style-type: none"> • Experience in preparation, management or coordination of projects or project components, preferably in the economic or private sector development field is an asset. • Experience related to BMOs development or management, including in advocacy area, will be considered as an advantage. • Strong understanding of the project context, familiarity with national legislation on private sector development as well as key BMOs, their services and capacity needs is highly desirable and will be considered as an advantage. • Experience in the usage of computers and office software packages (MS Word, Excel, Outlook, etc.). • Familiarity with UNDP rules and regulations will be considered as an advantage
Language Requirements:	Fluency in Ukrainian, Russian and English is required.

Finance and Procurement Associate

FUNCTIONS / KEY RESULTS EXPECTED
<p>Summary of Key Functions:</p> <ul style="list-style-type: none"> ▪ Support to project finance and procurement activities ▪ Support for management of ongoing project activities ▪ Support to knowledge building and knowledge sharing
<p>1. Ensure support to project finance and procurement activities, focusing on achievement of the following results:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Provide day-to-day management of the project financial operations under UNDP rules and regulations and relevant SOP. <input type="checkbox"/> Prepare project budgets and accurate budget revisions based on gender-responsive budgeting principles. <input type="checkbox"/> Prepare accurate financial reports, including monthly and quarterly disbursement reports and financial reports to donors. <input type="checkbox"/> Undertake financial analysis to inform project planning. <input type="checkbox"/> Monitor project expenditures to ensure that those are in line with the approved budget, AWP and UNDP Programmed/Financial policies. <input type="checkbox"/> Prepare requests for direct payment to the UNDP CO Finance unit following the approved project budget. <input type="checkbox"/> Create requisitions in Atlas for the project. <input type="checkbox"/> Ensure timely payment requests and payments to consultants, subcontractors and service providers following the established payment schedules and within the limits of the project budget. <input type="checkbox"/> Ensure proper control of supporting documents for payments and financial reports. <input type="checkbox"/> Maintain a proper filing system for financial and procurement records ensuring safekeeping of confidential materials. Prepare information for audit, if required. <input type="checkbox"/> Prepare accurate financial reports and forecasts, including monthly and quarterly disbursement reports and financial reports for donors. <input type="checkbox"/> Prepare specifications, ToRs and other supportive documents to facilitate conducting procurement processes, ensure that procurement processes are done in a fair, transparent and competitive manner and as per UNDP rules and regulations. <input type="checkbox"/> Facilitate timely bid opening process and participate in it. <input type="checkbox"/> Participate in the evaluation process of the proposals, memos, and support the preparation of CAP submission forms and reports. <input type="checkbox"/> Facilitate the process of procurement and delivery of project goods and services. <input type="checkbox"/> Implement the internal control system, which ensures that Purchase orders are duly prepared and dispatched. <input type="checkbox"/> Ensure timely corrective actions on purchase orders with budget check errors and other problems. <input type="checkbox"/> Ensure proper receipt of goods and services. <input type="checkbox"/> Maintain a project petty-cash system with accurate petty-cash records. <input type="checkbox"/> Act as an Asset Focal point in the maintenance of records on assets management. <input type="checkbox"/> Ensure the proper closing of accounts at the end of each financial year and the preparation of all financial reports required following established financial rules and regulations. <p>2. Ensures provision of administrative support for management of ongoing project activities, focusing on achievement of the following results:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Provide inputs to the annual project work plans and prepare related sub-plans (procurement plan, recruitment plan, other required) <input type="checkbox"/> Support preparation of project's annual, semi-annual reports and other ad hoc reports; <input type="checkbox"/> Ensure that projects' data is updated in the data management systems as required (Atlas,

<p>SharePoint and similar).</p> <ul style="list-style-type: none"> <input type="checkbox"/> Contribute to briefing and presentation materials, background information and documentation for meetings and missions. <input type="checkbox"/> Provide administrative support for the implementation of project activities, including facilitating recruitment and personnel management, attendance records, travel, missions and similar. <input type="checkbox"/> Participate in project activities (meetings, round tables, conferences and more) preparation, implementation and follow up, take minutes if requested. <input type="checkbox"/> Participate in data collection, analysis and maintenance of project-related databases and files. <input type="checkbox"/> Closely liaise with UNDP Ukraine Operations (finance, procurement, HR, administrative) to ensure proper coordination of actions and activities related to project operations. <p>3. Support knowledge building and knowledge sharing in the CO, focusing on achievement of the following results:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Identify and disseminate good practices, lessons learned, and knowledge, as identified through project implementation. <input type="checkbox"/> Participate in the training for the operations/programme staff. <input type="checkbox"/> Accelerate gender equality and women's empowerment within all implementations and promote UNDP's mandate as a gender-responsive organization with zero tolerance to any kind of discriminatory and abusive behaviour, including sexual harassment, sexual exploitation and abuse. <p>Measurable outputs of the work assignment:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Full and appropriate use of UNDP Programme Operational Policies and Procedures and UNDP Standard Operating Procedures during the implementation of the Project. <p>Performance Indicators for the evaluation of results:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The project implementation plan is fully and timely implemented. <input type="checkbox"/> Relevant outputs of the project annual work plan are fully and timely implemented. 	
COMPETENCIES	
<p>Corporate Competencies:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Communication <input type="checkbox"/> Delivery <input type="checkbox"/> Innovation <input type="checkbox"/> Demonstrates integrity by modelling the UN's values and ethical standards <input type="checkbox"/> Promotes the vision, mission, and strategic goals of UNDP <input type="checkbox"/> Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability <input type="checkbox"/> Managing conflict <input type="checkbox"/> Self-development, initiative-taking <input type="checkbox"/> Acting as a team player <p>Functional Competencies:</p> <p><u>Job Knowledge/Technical Expertise</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Understands the main processes and methods of work regarding the position <input type="checkbox"/> Gender mainstreaming <input type="checkbox"/> Possesses basic knowledge of organisational policies and procedures relating to the position and applies them consistently in work tasks <input type="checkbox"/> Demonstrates good knowledge of information technology and applies it in work assignments <input type="checkbox"/> Ability to formulate and manage budgets, manage contributions and investments, manage transactions, conduct financial analysis. <p><u>Promoting Organizational Change and Development</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Demonstrates ability to identify problems and proposes solutions <p><u>Design and Implementation of Management Systems</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Uses information/databases/other management systems <p><u>Client Orientation</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Reports to internal and external clients in a timely and appropriate fashion <input type="checkbox"/> Organizes and prioritizes work schedule to meet client needs and deadlines <input type="checkbox"/> Responds to client need promptly 	
VI. Recruitment Qualifications	
Education:	Bachelor's degree in Business Administration, Economics, Human Resources, Finance, Social Sciences, Environmental Studies, International Relations and any other related fields.
Experience:	<ul style="list-style-type: none"> • Minimum three (3) years of relevant experience in administration or programme/project support service, procurement and finance. • Experience performing similar functions in international organisations/projects will be considered as an advantage. • Experience in the usage of computers and office software packages (MS Word, Excel, Outlook, etc.). • Experience in handling of web-based management systems. • Knowledge of the Atlas system and/or UNDP Rules and Procedures would be

	an advantage.
Language :	Fluency in English, Ukrainian and Russian is required

Annex 6. Log Frame

Strategy of Intervention	Key Performance Indicators	Means of Verification	External Factors (assumptions)
Impact	Impact Indicators		
Increased growth and competitiveness of the Ukrainian SMEs contribute to economic development in Ukraine	<ul style="list-style-type: none"> The share of the added value (by cost of production) of small and medium enterprises increased by 3 % of total added value; <u>Baseline: 52.5 per cent [2017]</u> Number of jobs created and improved in enterprises with BMO membership grew by 3% <u>Baseline: 0</u> 	- Impact assessment report using both quantitative and qualitative methods	<p>Ukraine's economy continues to recover. The Government prioritizes SME development and develops the necessary regulatory framework enabling the growth of SMEs.</p> <p>External economic environment remains favourable to a process of SME policy reform and coherent decision-making.</p>
Outcomes	Outcome Indicators*		
<ol style="list-style-type: none"> SME sector representativeness through professional BMOs has increased SMEs increasingly benefit from business development services provided by BMOs to enhance their competitiveness; Representative and effective public private-dialogue contributes to improvement of business environment for SMEs. 	<ul style="list-style-type: none"> Organizational capacity of partner BMOs improved by 30% [<i>as per index of organizational capacity</i>]; <u>Baseline:</u> to be defined at project start following the selection of BMOs Aggregate membership of partner BMOs, increased at least by 20% average, including 2 organizations representing women entrepreneurs¹⁸. <u>Baseline:</u> 0 per cent Share of women entrepreneurs-members among the members BMOs increased by 20% <u>Baseline:</u> TBD Share of SMEs acquiring BDS from selected BMOs increased by 50%; <u>Baseline:</u> TBD Level of SMEs' satisfaction of BDS provided/facilitated by partner BMOs increased by 50%. 	<p>Written analysis (financial records, project reports, ad-hoc reports), SME surveys, questionnaires, (evaluation sheets), interviews of selected beneficiaries;</p> <p>Publications in media, social networks, on official web-resources of the national and regional authorities, selected BMOs</p>	<p>Cooperation with regional and national authorities depends on political and institutional stability of the latter. The project assumes as a baseline the existing institutional framework with several elements of it to be fully deployed during the project duration (such as SME Development Office). Following the outcome of Presidential and Parliamentary elections in 2019 there is a significant re-shuffling of the government at all levels as well as leadership and staff rotation.</p> <p>The Government completes re-design of functions of executive bodies by end of 2019, which would allow for effective cooperation to implement the project.</p> <p>The Government of Ukraine sustains trend in improving the regulatory environment in order to boost the economic growth.</p>

¹⁸ While the results at outcome level will be shown as an aggregated figure for the group of partner BMOs, the performance targets will be specified for the various groups of BMOs during the inception phase and based on baseline assessment

Strategy of Intervention	Key Performance Indicators	Means of Verification	External Factors (assumptions)
	<p><u>Baseline:</u> TBD</p> <ul style="list-style-type: none"> Share of women among BDS customers of partner BMOs grew by 20% <p><u>Baseline:</u> TBD</p> <ul style="list-style-type: none"> At least 6 industry-based standards have been developed by BMOs on the principles of self-regulation and have been implemented by industry-based SMEs; <p><u>Baseline:</u> 0</p> <ul style="list-style-type: none"> Share of members of BMOs satisfied with the quality of Public-Private-Dialogue grew by 30% <p><u>Baseline:</u> TBD</p>		<p>Self-government bodies continue to operate smoothly before and after local elections to be held in 2020, including municipalities.</p> <p>Business Membership Organizations play an increasingly important role as an interlocutor for the government and BDS provider for SMEs.</p>
Outputs	Output Indicators		
<p>1. Partner BMOs strengthened governance and organizational capacity to better represent the interests of SMEs</p>	<ul style="list-style-type: none"> At least 15 out of 20 partner BMOs, including 2 organizations representing women's entrepreneurship, improved governance, management and optimized internal processes and are able to maintain adequate organizational structure and processes. <p><u>Baseline:</u> 0</p> <ul style="list-style-type: none"> Incomes from membership fees in selected BMOs, including 2 organization representing women's entrepreneurs, increased on average by at least 25%; <p><u>Baseline:</u> TBD</p> <ul style="list-style-type: none"> At least 4 hubs/platforms established for BMO cooperation <p><u>Baseline:</u> 0</p>		<p>The selected BMOs are committed to improving the organizational capacity in line with the suggested benchmarks;</p> <p>BMOs make sure that their staff are given sufficient work time to complete the capacity development programs;</p> <p>BMOs select participants/nominates teams who can bring about change due to their standing in organization;</p> <p>SMEs are interested to join BMOs based on understanding of concrete benefits for business development and growth.</p> <p>BMOs continue to be a competitive institution for SMEs to receive advisory support from and benefit from the membership.</p> <p>Economic and legal environment is favourable for SMEs and they are able to cover the cost of BMOs membership</p>
<p>2. MSMEs have better</p>	<ul style="list-style-type: none"> At least 15 BMOs implement 2 new BDS on cost- 		<p>The Government's policy prioritizes SME</p>

Strategy of Intervention	Key Performance Indicators	Means of Verification	External Factors (assumptions)
<p>access to Business Development Services through BMOs</p>	<p>recovery basis each; <u>Baseline:</u> 0</p> <ul style="list-style-type: none"> At least 10% members of the partner BMOs benefit from Group Purchasing Organizations established or facilitated by BMOs <u>Baseline:</u> TBD 		<p>development; Macro-economic situation is stable and there is a trend in improving business environment; There is a demand for Business Development Services from SMEs, as well as readiness to use paid BDS; Selected BMOs have experience in providing Business Development Services and Economic environment is favourable for SMEs and they are able to cover the costs of BDS</p>
<p>3. Private sector and governmental side engaged in effective public-private dialogue</p>	<ul style="list-style-type: none"> At least 3 laws and 10 sub-laws, consulted with BMOs, have been submitted to respective authorities for adoption; <u>Baseline:</u> 0 At least 15 out of 20 trained/coached BMOs established partnerships linkages and created networks and coalitions with other relevant organizations; <u>Baseline:</u> 0 At least 5 municipalities or communities establish dialogue platforms to improve local regulations; <u>Baseline:</u> 0 At least 10 selected BMOs and 10 external BMOs establish cooperation to advocate for independent professional certification; <u>Baseline:</u> 0 <p>At least 10 selected BMOs lead the process of developing industry-based services and goods quality standards. <u>Baseline:</u> 0</p>		<p>The Government retains existing requirements regarding public consultations in policy-making Reform of public administration completed, which underpins strengthening capacity of the Government at central and local levels to develop evidence-based policies; Local government is open to cooperation with the private sector; External BMOs have capacities to cooperate, establish partnerships and participate in advocacy activities.</p>